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ABSTRACT

This is the report of a hearing on the Education Consolidation and Improvement Act (ECIA) of 1981. ECIA established Chapter 1 and 2 block grants which transferred almost total authority for the largest elementary and secondary school Federal assistance programs in the United States to State and local education agencies. These programs had formerly been administered through Title I of the Elementary and Secondary Education Act (ESEA) and various Federal agencies. Several speakers contended that such block grants remove Federal funding from urban centers with large populations of disadvantaged students who most need special assistance; reward communities who have made no previous efforts to obtain such funds; unfairly distribute Federal monies to private schools; and enable States to avoid desegregation. Representatives from the Department of Education and other agencies defended the block grants on the grounds that they greatly reduce administrative paperwork and give more flexibility to the States receiving the monies; that any infringements of the civil rights of students are the concern of the Civil Rights Commission; and that ECIA has been in operation for only one year and that clearer guidelines for the States will be established as the results of this first year of implementation are evaluated. (CJM)

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FEDERAL EDUCATION ASSISTANCE: ARE BLOCK GRANTS MEETING THE NEED?

HEARING

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON

GOVERNMENT OPERATIONS

HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

FIRST SESSION

SEPTEMBER 20, 1983

Printed for the use of the Committee on Government Operations

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CONTENTS

Page
Hearing held on September 20, 1983 1

Statement of—

Bauer, Gary L., Deputy Under Secretary for Planning, Budget and Evaluation, Department of Education, accompanied by Dr. Lawrence Davenport, Assistant Secretary for Elementary and Secondary Education 414
Britton, Dr. Leonard M., superintendent of schools, Dade County Public Schools, Miami, Fla 138
Casserly, Michael, director of legislation, the Council of the Great City Schools 58
Caumartin, Hugh T., superintendent of schools, Toledo, Ohio, on behalf of the American Association of School Administrators 238
Dentler, Dr. Robert A., professor of sociology, University of Massachusetts 387
Fort, Dr. Herschel, divisional director, office of Federal, State, and local legislative affairs, Detroit Public School System 161
Green, Herbert, executive director, Schoolwatch, Trenton, N.J 192
Henderson, Anne T., associate for Federal relations, National Committee for Citizens in Education, Columbia, Md 172
Humphrey, Gregory A., director of legislation, American Federation of Teachers, AFL-CIO, accompanied by David Wilhelm, director of research, public employee department 309
Jung, Dr. Richard K., director, education and human services directorate, Advanced Technology, Inc., accompanied by Dr. Anne H. Hastings, project manager 389
Knapp, Dr. Michael S., educational sociologist, Social Sciences Center, SRI International 359
Kvamme, Olaf, director, community and governmental relations, Seattle School District 151
Orum, Lori S., senior education policy analyst, National Council of La Raza, on behalf of Coalition on Block Grants and Human Needs 39
Pendleton, Clarence M., Jr., Chairman, U.S. Commission on Civil Rights, accompanied by Karen McGill Arrington, Education Monitor, Office of Program and Policy Review 204
Rosica, Thomas C., executive director, office of categorical programs, School District of Philadelphia 101
Simering, Jeffrey A., Washington representative, Chicago Board of Education 123
Tarr-Whelan, Linda, director of government relations, National Education Association 291
Tatel, David S., Esq., member, board of directors, Lawyers' Committee for Civil Rights Under Law, accompanied by Ruth Gordon, attorney, Lawyers' Committee's Federal Education Project 9
Teague, Dr. Wayne, superintendent of education, State of Alabama, on behalf of the Council of Chief State School Officers 254
Weiss, Hon. Ted, a Representative in Congress from the State of New York, and chairman, Intergovernmental Relations and Human Resources Subcommittee: Opening statement 1

Letters, statements, etc., submitted for the record by—

Bauer, Gary L., Deputy Under Secretary for Planning, Budget and Evaluation, Department of Education:
  Prepared statement 420–431
  Submissions to additional subcommittee questions 448–452
Britton, Dr. Leonard M., superintendent of schools, Dade County Public Schools, Miami, Fla.: Prepared statement 142–151

Letters, statements, etc., submitted for the record by——Continued   Page

Casserly, Michael, director of legislation, the Council of the Great City Schools: Prepared statement 61–101
Caumartin, Hugh T., superintendent of schools, Toledo, Ohio, on behalf of the American Association of School Administrators: Prepared statement 242–253
Davenport, Dr. Lawrence, Assistant Secretary for Elementary and Secondary Education: Department definition of equitable concerning allocation of funds 435–436
Green, Herbert, executive director, Schoolwatch, Trenton, N.J.: Prepared statement 196–201
Hastings, Dr. Anne H., project manager, education and human services directorate, Advanced Technology, Inc.: Prepared statement 395–411
Henderson, Anne T., associate for Federal relations, National Committee for Citizens in Education, Columbia, Md.: Prepared statement 178–191
Humphrey, Gregory A., director of legislation, American Federation of Teachers, AFL–CIO:
  Material relative to the hearing 350–355, 358
  Prepared statement 311–312
  "The Three R's (Reagan, Rhetoric, and Reality)" 318–349
Jung, Dr. Richard K., director, education and human services directorate, Advanced Technology, Inc.: Prepared statement 395–411
Knapp, Dr. Michael S., educational sociologist, Social Sciences Center, SRI International: Prepared statement 364–386
Kvamme, Olaf, director, community and governmental relations, Seattle School District: Prepared statement 155–160
Orum, Lori S., senior education policy analyst, National Council of La Raza, on behalf of Coalition on Block Grants and Human Needs: Prepared statement 44–52
Pendleton, Clarence M., Jr., Chairman, U.S. Commission on Civil Rights:
  Correspondence between the Commission and Senator Daniel Patrick Moynihan and the Department of Education 206–220
  Prepared statement 224–232
Rosica, Thomas C., executive director, office of categorical programs, School District of Philadelphia: Prepared statement 104–122
Simering, Jeffrey A., Washington representative, Chicago Board of Education: Prepared statement 127–138
Tarr-Whelan, Linda, director of government relations, National Education Association: Prepared statement 295–308
Tatel, David S., Esq., member, board of directors, Lawyers' Committee for Civil Rights Under Law: Prepared statement 12–39
Teague, Dr. Wayne, superintendent of education, State of Alabama, on behalf of the Council of Chief State School Officers: Prepared statement 259–290
Weiss, Hon. Ted, a Representative in Congress from the State of New York, and chairman, Intergovernmental Relations and Human Resources Subcommittee: September 12, 1983, article from the Washington Post entitled "For Poor Kids, Computers Are the Newest Disadvantage" 4–5

FEDERAL EDUCATION ASSISTANCE: ARE BLOCK GRANTS MEETING THE NEED?

TUESDAY, SEPTEMBER 20, 1983

HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS
AND HUMAN RESOURCES SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2154, Rayburn House Office Building, Hon. Ted Weiss (chairman of the subcommittee) presiding.

Present: Representatives Ted Weiss, John Conyers, Jr., Sander M. Levin, Buddy MacKay, Edolphus Towns, Ben Erdreich, Robert S. Walker, and Alfred A. (Al) McCandless.

Also present: James R. Gottlieb, staff director; Marc Smolonsky, professional staff member; Pamela H. Welch, clerk; and Hugh Coffman, minority professional staff, Committee on Government Operations.

OPENING STATEMENT OF CHAIRMAN WEISS

Mr. WEISS. Good morning. The Subcommittee on Intergovernmental Relations and Human Resources of the Government Operations Committee is now in session.

The provision of aid to educationally deprived children is an important function of the Federal Government. Without equal access to education, Americans are denied the equitable attainment of civil rights, a basic tenet of the Constitution.

As we proceed with today's hearing, it is important to keep in mind that Federal education aid amounts to only 10 percent of total education funding in the United States. Federal aid is not intended to fund the basic costs of education.

The President's National Commission on Excellence in Education defined the Federal role in education as meeting "the needs of key groups of students such as the gifted and talented, the socioeconomically disadvantaged, minority and language minority students, and the handicapped."

Although Federal funding is relatively small, it creates opportunities for the disadvantaged. Cutting Federal aid reduces those opportunities.

Two years ago, many of our most important Federal education programs were consolidated into block grants to be administered by State governments. I opposed the consolidation then because I believed the block grants were a ruse that would lead to a continuing curtailment of vital Federal education assistance.

The last school year, 1982–83, was the first experience with the block grant revolution. With this experience as a guide, today's hearing will examine the Department of Education's implementation of the block grant programs. There could be no more fitting time to review the Department's performance.

A new school year has begun under the onus of a declaration from a Presidential commission that, in terms of educational achievement, we are "A Nation at Risk."

The Education Consolidation and Improvement Act of 1981, ECIA, established chapters 1 and 2 education block grants, transferring almost total authority for the largest elementary and secondary education assistance programs in the United States to State and local education agencies.

The forerunner of chapter 1, title I of the Elementary and Secondary Education Act, was created to provide compensatory education for economically deprived children. Since 1966, more than $1 billion a year has been allocated for title I programs. Nearly 50 percent of the students served by these programs are minorities.

The States were also given the responsibility for the chapter 2 block grants, which last year provided $470 million for the 29 Federal education programs folded into the grant. These same programs received more than $800 million only 3 years ago. Programs combined into chapter 2 include basic skills improvement, career education, desegregation, consumer education, law-related education, environmental education, arts education, and teacher training.

Congress did not change the intent or goals of these programs when it created the block grants. Chapter 1, like title I, is still intended for needy children. The activities folded into chapter 2 are still meant to assist educationally disadvantaged students and provide funds for high-cost education programs.

In enacting the block grants, Congress also did not intend to lessen the assistance provided to deprived students who lag behind their peers because of discrimination and proverty. Nor did Congress intend to allow local schools to use Federal funds without receiving a proper accounting.

Yet, the Department of Education, which still remains accountable to the American people for the use of block grants funds, has failed to guarantee that moneys are used for the purposes authorized by Congress.

Even more disturbing is the fact that the Department appears unwilling to fulfill the traditional role of Cabinet-level agencies by interpreting the intent of the block grant law. Many State officials are confused about authorized use of block grant funds and have asked the Department for guidance, but the Department has refused to provide binding interpretations of the law.

In fact, the Department's block grants staff has been instructed to withhold advice from the States. It was only after the first school year of block grant experience had passed and the funds had been spent that the Department issued even nonbinding guidelines to the States, which the States have the option to ignore.

The Department is also responsible for approving the allocation formulas submitted by each State for chapter 2 funds. Almost all the formulas submitted were approved, except those which targeted assistance for desegregation programs.

The Department's lack of commitment to desegregation is also now being questioned in Chicago. A Federal court there found the administration in violation of a Federal judge's order which required the United States to assist in providing funds to Chicago's desegregation plan.

Congress reacted to the court decision by authorizing the necessary funds for the city. However, President Reagan vetoed the measure, and funding for the desegregation effort in Chicago remains a problem.

In enacting block grants, Congress required that chapter 2 moneys be allocated on the basis of a formula that would include low-income and handicapped student populations. Some of the formulas were a mockery of this instruction. For example, Mississippi set aside only 5 percent of its block grant funds for these high-cost students. More than 50 percent of the chapter 2 funds had been spent on books and computers, at the expense of the other programs supposed to be funded by the block grants.

At the same time, approximately $23 million of the chapter 2 funds were spent on desegregation, a drop of $225 million in comparison to desegregation funding in 1980.

Computers can be valid educational tools, if they are used properly and made available to all students. However, evidence is growing that computers are not as readily available to poor students. This inequity will widen the educational attainment gap between the poor and the wealthy.

A recent article in the Washington Post elaborated on this problem. I will place the article, without objection, in the hearing record.

[The information follows:]

For Poor Kids, Computers Are The Newest Disadvantage

. . . Schools around the nation are beginning to realize that in the information society, the two required languages will be English and computer.

—John Naisbitt, "Megatrends"

By Vivian Aplin-Brownlee

Washington Post Staff Writer

In the headlong national race to computerize classrooms, a complex high-technology version of an ageless social problem is emerging: Poor kids are being left behind.

The number of microcomputers in U.S. public schools tripled last year. It is expected to reach 500,000 by next June and surge to 2 million by June 1985. A University of Minnesota study projects that 85 percent of the nation's school districts will have computers available to pupils this year, up from 58 percent last year.

But the Minnesota study, done for the National Science Foundation, said youngsters in the nation's 12,000 most affluent school districts are four times more likely than students in the 12,000 poorest districts to have access to a computer.

The Johns Hopkins University Center for Social Organization of Schools reported in April that "whereas two-thirds of public schools in the better-off districts have microcomputers, only 41 percent of the schools in the least wealthy districts have any."

Sociologist Ronald E. Anderson, director of the University of Minnesota's Center for Social Research, said, "To the extent computer literacy and computer expertise are necessary for success in getting and keeping jobs, computer inequality is a serious problem. It threatens [illegible] groups and communities by giving some people more effective tools for living in the [illegible]."

The congressional Office of Technology Assessment issued a chilling warning last fall, stating that "if the technologies are primarily designed for and made available to middle-class families, they could increase rather than diminish the gap between the educationally advantaged and disadvantaged."

Alvin Toffler, author of "Future

See GAP, A4, Col. 1

September 12, 1983
Washington Post

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WASHINGTON POST

Computers Give Poor Kids New Handicap

GAP, From A1

Shock" and "The Third Wave," wrote last year that "kids who know how to use them, [computers] will have an edge over those who don't and this means that, unless conscious steps are taken, white middle-class children will start out, once more, with an edge that the less affluent lack."

The problem is not just availability of computers, but how they tend to be used.

Commenting on the remedial drill-and-practice that tends to be done on computers in poorer schools as opposed to program writing and problem-solving in more affluent schools, Ruth Cossey of the University of California's Lawrence Hall of Science said, "One group tells the computer what to do; the other sees it as a taskmaster. The group that has the power will get ahead."

And some educators see still a third problem—partly remediable, and having to do with equity—with the rush to computerize. They say computers are impeding the back-to-basics movement.

As A. Daniel Peck, education professor at San Francisco State University and founder of the Committee of Basic Skills Education, said:

"We're in a computer religion explosion to the detriment of basic-skills education . . . the best we can hope for is some degree of sanity."

Minnesota has distinguished itself in the fight against institutionalized inequity. As the result of a state-wide commitment, 63.4 percent of its schools last year had at least one microcomputer, the personal computer commonly used in homes and offices.

The Minnesota Educational Computer Consortium, a nonprofit, state-run organization, guides the state's efforts and designs its own software, or course material. It is considered a model for educators.

Executive Director Kenneth Brumbaugh estimates that a million copies of its materials are distributed each year to education systems, not only in the United States but in countries as diverse as Kenya, Australia and Saudi Arabia.

The socio-economic differences between wealthy and poor schools are illustrated in how they obtain microcomputers. Poor schools must usually depend on the district's revenues or the largesse of computer companies' donations, which some observers speculate are less likely to go to poor schools because they do not represent as rich a potential market for subsequent purchases, by schools or parents, as wealthier districts.

More affluent districts tend to have richer budgets for buying computers, are thought to be more attractive to corporations in the selection of gift sites and can rely on parents, community associations and teacher-parent organizations to make contributions.

But while computer equity might be the crux of the problem, keeping up with the computer explosion while focusing on basics is no less troublesome to educators.

Teachers who are slow to adjust to the computer keyboard are another factor in the computer equation. They run the risk of being less effective in the electronic classroom than they are in traditional ones.

Educators are entangled in an electronic thicket. The computer, hailed as an electronic wizard honing the abstract reasoning skills of a new generation of problem solvers, is unfamiliar and even frightening to some teachers who view it as a disrupter of proven conventional methods.

But faced with legions of anxious parents, teachers and administrators find themselves hard-pressed to resist computers.

Critics complain that the current emphasis placed on putting computers in the hands of American children is driving educators to distraction, not only from teaching basic skills, but as they try to become comfortable with the machines.

Computer anxiety, a fairly common adult malady outside the teaching profession as well, ranks high on the list of distractions. "High Technology" magazine reported last spring that "Although teachers' colleges are gearing up as fast as they can to produce computer-literate teachers, this won't affect schools for years.

"Most teachers have found themselves totally unequipped to teach about or with computers and are scrambling to catch up with their computer-wise students."

Some teachers blame their school systems for exacerbating the problem. At the National Educational Computing Conference in June, "Technology Illustrated" magazine reported, some teachers "complained of school systems that spent thousands of dollars on microcomputers but provided no training and no software, with the predictable result that teachers became hostile to the computers and refused to use them."

The National Education Association took a comprehensive look at computers in its members' classrooms in June. "In just a year or two," NEA Today reported, "the whole picture has changed. Few teachers still assert that computers are just another passing fad in education . . . ."

Those teachers who have become proficient using computers have become big fans of them. "In fact," the NEA reported, "a very common complaint has become, 'We don't have enough of them.'

"A 1982 NEA survey showed that 70 percent of teachers who reported computers' effects on students said the machines improve interest, motivation, attention span, self-confidence and cognitive learning. Half the teachers surveyed said computer learning would become common and be considered basic."

To help, the NEA is starting a computer service this fall to offer computers, their accessories and software at discount prices to members and to provide exact descriptions of how it all works.

Clearly the highly touted man-made wonders are creating as many problems as they are solving in education. Educators, having decided that computers are the answer, now want to work out the solutions for themselves.

"Where will it end?" NEA Today asked in June. "Nobody knows. But in school—as in industry and daily life—computer use is clearly taking root and growing fast.

"Teachers are not about to leave to others the important decisions about that growth—how to use computers, and how to offer all students the benefits of that use."

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Mr. WEISS. In conclusion, I'm concerned that the Department of Education is not exercising its responsibility concerning the block grant programs and I fear that the greatest harm may be done to our educationally deprived children as a consequence.

Before we commence, let me call on our ranking minority member, Mr. Walker, for his opening statement.

Mr. WALKER. Thank you, Mr. Chairman.

Mr. Chairman, anyone familiar with my background as a public school teacher and as a dedicated opponent of the creation of the Department of Education and as a strong supporter of block grant assistance to State governments might assume I would welcome the opportunities that this hearing presents. That would be a wrong assumption.

I have serious reservations about the timing and the purpose of this hearing. I will address first the issue of timing.

Education block grants are approximately 1 year old. I submit it is difficult, if not impossible, to reach any kind of definitive conclusions about an approach to Federal funding as sweeping as block grants after just 1 year.

What I fully expect to hear is a great deal of warmed-over criticism and caustic rhetoric about the ill effects of block grants from the same people who opposed the concept's implementation just 1 year ago. They wanted their categorical grants then, and they want them now. Never mind the rising tide of mediocrity in our educational system.

In addition to the lack of time that has passed in which to make a fair judgment about block grants, I must express my concern about the one-sided approach reflected in the list of prospective witnesses. Big city schools are widely represented to the exclusion of suburban and rural school districts. Research organizations seem to have made the list, but I do not see the Heritage Foundation or the American Enterprise Institute, people who might have given an intellectual approach to the other side of the question.

Teachers' unions will participate, but why not leave the political activists out of this one and talk to everyday teachers with no axes to grind? Despite the impact on private school students, I see only public school representatives are slated to testify.

It would have been helpful on a subject as critical as education to pursue an evenhanded, factual approach to this hearing. This has not been done.

Just in case anyone has any doubts about the bias of some of our participants, I call your attention to a nifty little presentation by the Public Employee Department of the AFL-CIO called the "3 R's." According to the AFL-CIO, that means "Reagan, Rhetoric and Reality." Big labor apparently wants to get in and get an early start on the 1984 campaign right here and are willing to use the schools as campaign cannon fodder.

The string of witnesses is long and it was made known to the minority about 24 hours ago. Perhaps that's because some of the witnesses may not want to answer penetrating questions about their record in the education field through the years and, therefore, did not want to give the minority a chance to take a look at those records so that we could ask some of those kinds of questions.

I truly believe that this is a hearing that will revolve around philosophical approaches to Federal Government. We will hear a great deal from those who prefer Federal money and Federal power in education. Those are the people and the groups who see categorical grants as a panacea for a range of real and imagined ills. They have had their way for a long time while the education system has deteriorated.

There are those of us who support block grants and are willing to give this approach some time to work. To us, it means returning control of our schools back to parents and to taxpayers. To those who believe education of the citizenry is a primary State responsibility carried out in concert with local officials, block grants are a necessary step in the right direction.

I taught in the public schools with some of the finest public servants I have ever known. There are teachers and administrators across this Nation striving every day to insure that the next generation is the best and the brightest that we've ever had. Unfortunately, that effort has not been enough. Something has gone dreadfully wrong.

I recount some facts from a report by the National Commission on Excellence in Education. It says, first, approximately 23 million American adults are functionally illiterate; second, about 13 percent of all 17-year-olds in the United States could be considered functionally illiterate. Functional illiteracy among minority youth may run as high as 40 percent.

Average achievement of high school students on most standardized tests is now lower than it was 26 years ago. From 1963 through 1980, SAT test scores fell 50 points in the verbal section and 40 points in math. College board achievement tests showed a consistent decline.

Within the 17-year-old population, nearly 40 percent cannot draw inferences from written material; only 20 percent can write a persuasive essay; and only 33 percent can solve a math problem involving several steps. Science achievement test scores fell in the assessments made in 1969, 1973, and 1977.

There are more points made in the Commission's report, but the overall theme is clear: We have a problem in our educational system. We've thrown Federal money and Federal bureaucrats at our schools and that, obviously, hasn't worked. Perhaps the time is right to give State and local officials, teachers and parents, the opportunity to make improvements without the omnipotent power in Washington telling them what to do and what is best.

The National Commission on Excellence in Education recognized the Federal role in education. I agree with much of what it said on this subject. I especially agree with the conclusion: "We believe the assistance of the Federal Government should be provided with a minimum of administrative burden and intrusiveness."

Mr. Chairman, we spend $200 billion a year on education, as much as we spend on defending the Nation, and rightfully so. If this hearing can contribute in any way to making sure that our children are being properly educated; that they are at least becoming functionally literate; then we will have justified the priority given the education money being spent, and our work today will have been of some value.

I'd just like to, in conclusion, make the point that I have tried to make as a former educator involved in the legislative process, and that is that I found, when I was in education, that the most important relationship that exists in education is that relationship between teacher and child. The further you take decisionmaking away from that intimate relationship between teacher and child, the worse education becomes.

The minute you take it down the hall to the administrator, the worse education becomes. When you take it into the county office, it becomes even worse. When you take it to the State level, it becomes even worse, and when you bring it to Washington, it becomes a disaster because that means that someone far, far away from that classroom is making decisions about what is good for the children within that classroom. That's wrong. The teacher should be able to make those decisions.

What I see in the testimony of the witnesses we are going to have before us today are many people who would transfer as much of that decisionmaking as possible to Washington, and thereby leave the teacher and the children to administer those programs that Washington decides. That's bad for education; it's bad for the country; and I would hope that maybe in the course of the questioning, anyhow, we can get some of those points made.

Thank you, Mr. Chairman.

Mr. WEISS. Thank you, Mr. Walker.

We have been joined by our distinguished colleague, Mr. Conyers, who's just come back from conducting some important hearings in New York.

Mr. Conyers, do you have an opening statement?

Mr. CONYERS. No, sir, I don't. I was hoping we could avoid a lot of the rhetoric. I don't have my mind made up about this and I hope that the rest of the committee doesn't, either.

I could tell in an introductory statement how I feel about the subject, but that's really not why we're here.

I'd like to hear the witnesses.

Mr. WEISS. Good. Thank you very much, Mr. Conyers.

The only comment that I want to make on the basis of the opening statement refers not to perspectives, because I think that that's within each individual's right. The list, the tentative list of witnesses, was submitted to the minority about a week ago; the final list as of Wednesday of last week.

Mr. WALKER. Mr. Chairman.

Mr. WEISS. Yes.

Mr. WALKER. Just to clarify, as I understand it, we were given a very incomplete list of possible organizations that were going to testify. We were not given a list of witnesses until 24 hours ago.

Mr. WEISS. As of Wednesday of last week, you had the final list.

Mr. WALKER. Mr. Chairman, that's incorrect. We had a list of only those organizations that might possibly testify. We were not given a list of witnesses.

Mr. WEISS. I'm told that you had a list of all the witnesses except the school witnesses where the committee was not notified as to who was going to be coming.

In any event, as you know, the minority has the option of suggesting witnesses at any stage of the proceedings, and that was not done. The last thing in the world that I want to do is to conduct unbalanced hearings.

During today's hearings, we will hear testimony from parents, teachers, local and State school administrators, civil rights organzations, education research experts, and the Department of Education. We have a long agenda and a lot of territory to cover. Therefore, the subcommittee would appreciate the witnesses confining their oral testimony to approximately 10 minutes. All the written testimony of all of the witnesses will, without objection, be inserted in the hearing record in their entirety.

In addition, I will ask all the members of the subcommittee to follow the 5-minute rule for questioning of the panels.

Our first panel this morning consists of David Tatel of the Lawyers' Committee on Civil Rights; followed by Lori Orum of the Coalition on Block Grants.

Mr. Tatel.

STATEMENT OF DAVID S. TATEL, ESQ., MEMBER, BOARD OF DIRECTORS, LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW, ACCOMPANIED BY RUTH GORDON, ATTORNEY, LAWYERS' COMMITTEE'S FEDERAL EDUCATION PROJECT

Mr. **Tatel**. Mr. Chairman, and members of the subcommittee, my name is David Tatel. I served as Director of the Office for Civil Rights in the Department of Health, Education, and Welfare from 1977 to 1979. I also served as Direcotor of the Lawyers' Committee for Civil Rights Under Law from 1972 to 1974, and I now serve as a member of its board.

I appreciate this opportunity to share my views, and those of the Lawyers' Committee, on the consolidation of elementary and secondary education programs and the damage that is doing to Federal efforts to enforce civil rights laws.

I would like to introduce Ruth Gordon on my right. She serves as a staff attorney on the Laywers' Committee's Federal Education Project, which monitors Federal education programs generally and their impact on civil rights enforcement in particular.

I have a formal statement which I will submit for the record, Mr. Chairman. With your permission, I would like to spend just a few moments this morning talking about one of the more serious consequences of education program consolidation, namely the repeal of the Emergency School Aid Act, and the harm that repeal has done to the effort to provide equal educational opportunities in our Nation's schools.

At the outset, it's important to emphasize that what we are talking about here this morning is the most important civil right of all, namely education. Without education, the many other civil rights are little more than empty promises. The fundamental importance of education in our society was recently and firmly underlined by the National Commission on Excellence in Education and by the many other education reports which were issued shortly thereafter, including last week's report of the Carnegie Foundation for the Advancement of Teaching.

The fundamental importance of education in our society has been reiterated by all of our Presidents, Democrat and Republican, and has formed the basis for many important Supreme Court decisions. The 1954 *Brown* decision, for example, was based on the proposition, as stated by Chief Justice Warren, and I quote, "In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education."

Because of the importance of education in our society, our Nation has made equal access to education a national priority. Since 1954, the Supreme Court has, without exception, prohibited discrimination and segregation in public education.

Since 1964, the Congress has passed a series of laws enforcing those rights and making resources available for public school desegregation. One of the most important of those laws was the 1972 Emergency School Aid Act. That act provided funds for programs and activities designed to make the transition from segregation to integration smooth and effective. For example, it funded magnet schools, teacher training, curriculum development, desegregation planning and many other programs critical to successful desegregation. ESAA was Congress' response to a series of Supreme Court decisions and lower Federal court orders in the late 1960's and early 1970's, which ended massive resistance to desegregation and required public schools to desegregate. ESAA was Congress' recognition of the fact that adequate funding is critical to successful school desegregation.

In 1981, Congress repealed the Emergency School Aid Act and folded it into the Education Consolidation and Improvement Act, the so-called block grant. This weakened civil rights enforcement in two important respects: First, it reduced dramatically the amount of funds available for public school desegregation; second, it eliminated strict civil rights provisions which had served as effective tools to reduce racial and ethnic discrimination in desegregating public schools.

The consolidation of ESAA into the chapter 2 block grant has had a devastating impact on school districts implementing desegregation plans. Many school systems were implementing multiyear desegregation plans at the time ESAA was repealed, and had been relying on it for necessary financial assistance. The chapter 2 block grant, however, is not funneling sufficient funds to these districts to meet their needs and has left many in dire financial circumstances.

The reduction of funding under chapter 2 is traceable to two factors: First, and most obviously, less funds have been authorized and appropriated under chapter 2 than were available under the separate education programs folded into it.

Second, chapter 2 requires the States to distribute a portion of the funds solely on the basis of enrollment. This spreads funds throughout the State and results in grants to school districts which would never have been eligible for ESAA assistance. Although ESAA authorized activities are still a permissible use of chapter 2 funds, many States have not been particularly sensitive to the needs of desegregating school districts in designing their allocation formulas. In fact, desegregation-related measures are included in the allocation formulas of only five States. The efforts of several other States to consider previous ESAA grants in allocating chapter 2 funds were firmly rejected by the Department of Education.

The repeal of ESAA and the reduction of funding under chapter 2 has had another sadly ironic consequence: ESAA funded programs which supported voluntary school desegregation. The reduction of those funds means that school districts and Federal courts will have no choice but to rely more frequently on mandatory reassignment. This is unfortunate because voluntary school desegregation can often be more effective and more stable than mandatory reassignments. It is also unfortunate because the reduction of funds for voluntary desegregation increases the likelihood that school districts will find themselves under the jurisdiction of Federal courts.

With respect to my second point, that is, the one relating to civil rights enforcement, ESAA also contained strict civil rights requirements, which had to be satisfied before a grant could be made. School districts had to demonstrate compliance with these requirements before they could get ESAA funds. By incorporating both a carrot and a stick, that is, funds and civil rights requirements, ESAA provided school districts with a strong incentive to correct civil rights problems quickly and voluntarily.

ESAA was particularly effective because it focused on the civil rights problems of large school districts with large concentrations of minority-group students. It also focused on the kinds of civil rights problems which do not often generate complaints to OCR: serious in-school problems, like discriminatory discipline practices, and the discriminatory assignment of minority children to special education.

I was responsible for enforcing the preclearance requirements of the Emergency School Aid Act during the 2½ years I served as Director of OCR. They were, in my judgment, the most effective civil rights provisions available to government. Their use resulted in none of the political controversy often associated with fund terminations. The preclearance requirements of ESAA were responsible for improving the educational opportunities for hundreds of thousands of minority children.

The chapter 2 block grant has stopped much of the progress for which ESAA was responsible. Unless corrected, this Nation's commitment to equal educational opportunities will not be kept for millions of minority children throughout the country.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Tatel follows:]

Testimony

on

Chapters 1 and 2 of the Education Consolidation and Improvement Act of 1981

Prepared for
Subcommittee on Intergovernmental
Relations and Human Resources
of the Committee on Government Operations
U.S. House of Representatives

Submitted by

David S. Tatel, Esq.

on behalf of

Lawyers' Committee for Civil Rights Under Law

September 20, 1983

Mr. Chairman and Members of the Subcommittee:

I am David S. Tatel, former Director of the Office for Civil Rights (OCR) in the Department of Health, Education and Welfare. I am a former Executive Director of, and a current member of the Board of Directors of, the Lawyers' Committee for Civil Rights Under Law. I appreciate this opportunity to share my views, and those of the Lawyers' Committee, on how consolidation of elementary and secondary education programs has affected federal efforts to enforce civil rights.

One major provision of the consolidation bill adopted in 1981 repealed the Emergency School Aid Act ("ESAA") and incorporated it in the Chapter 2 block grant. This has drastically reduced federal support for desegregation and federal civil rights protections for minority students. Since the Lawyers' Committee has been involved in school desegregation for many years, we are familiar with the contributions which ESAA funding has made to the desegregation efforts of cities and school districts. In addition, as Director of OCR from 1977 through 1979, one of my own responsibilities was administering the civil rights pre-clearance provisions of the Act. Therefore, I will discuss the impact of this change in detail.

Another important part of the 1981 legislation sharply reduced statutory safeguards against misspending compensatory education funds designed to help poor and disadvantaged children. These changes, together with limited or reduced appropriations, threaten the continued efficacy of the program. Since 1975, the Federal Education Project of the Lawyers' Committee has closely monitored federal administration of the compensatory education program to determine whether states and local school districts were using their grants to operate projects which carried out the basic statutory purpose. The Project has become a major informational source for parents of participants and for staff in local educational agencies who are connected with the program. Thus, we are intimately involved with federal statutory requirements and their implementation. Although no major studies have been published documenting implementation of Chapter 1 (as the program is now known), we would like to share a few preliminary conclusions which our staff have drawn from our yet-to-be completed study of changes in ten states.

I. REPEAL OF THE EMERGENCY SCHOOL AID ACT

The Emergency School Aid Act was passed in 1972 to aid school districts implementing desegregation plans by providing financial assistance to support specific activities related to these plans. Districts were eligible if they were previously segregated and were under court or agency order to integrate their schools; or if they were carrying out a voluntary plan to reduce racial imbalance, whether or not they had been determined to have previously operated a segregated system.

Finally, districts could receive funds to support special programs to assist in the education of minority students who remained in racially identifiable schools. ESAA provided funds for activities such as desegregation planning, magnet schools, remedial math and reading, inservice training and staff development programs, and special programs to encourage parent participation. These activities have contributed to the success of both mandatory and voluntary desegregation plans.

The consolidation of ESAA into Chapter 2 of the Education Consolidation and Improvement Act of 1981, the so-called block grant, has had a devastating impact on districts carrying out desegregation plans. A number of districts were implementing multi-year desegregation plans when ESAA was repealed; they were relying on federal assistance for part of the necessary funding and in fact had been notified previously by the Department of Education that their applications for multi-year ESAA grants had been approved. The Chapter 2 block grant is not funneling sufficient money to these districts to meet their needs, leaving many districts in desperate financial straits.

A. Lack of Funding for Desegregation

In fiscal year 1981, the aggregate funding levels for the antecedent programs folded into Chapter 2 was $610 million. In fiscal year 1982, the maximum authorization for Chapter 2 was $589 million and only $470.4 million was actually appropriated. Out of this amount 6 percent ($28,224,000) went into the Secretary's discretionary fund and 1 percent ($4,704,000) to the "outlying areas," leaving $437,472,000 (93 percent) for the States. Thus, overall funding decreased by nearly 30 percent.

Section 565(a) of Chapter 2 requires the States to distribute funds on the basis of total enrollments in local educational agencies, adjusted to provide higher per-pupil allocations to districts with the greatest numbers of "high-cost" children. Because some portion of each State formula must be based on enrollment, funds are spread throughout each State and districts that never applied for the predecessor categorical grants now receive funds.

Although ESAA-authorized activities are still a permissible use of Chapter 2 funds, many States have not been particularly sensitive to the needs of desegregating school districts. An examination of the 1982-83 state Chapter 2 allocation formulas reveals a wide range of allocation mechanisms. For example, States distribute from 35 percent (New Jersey) to 100 percent (Hawaii) of all Chapter 2 funds solely on the basis of enrollment. Over 20 individual factors, in a variety of combinations, have been employed in State formulas. Desegregation-related measures (students affected by desegregation plans, racial isolation, or minority enrollment) are used in the formulas of only five States. 1/ The efforts of other States (California, New York) to consider previous ESAA grants in allocating Chapter 2 funds were firmly rejected by the Department of Education. The States sought to adopt Chapter 2 fund distribution formulas that would have given districts that previously received ESAA grants more money than school systems that had not received ESAA funds in the past. The Department of Education disapproved these formulas as inconsistent with the Chapter 2 law.

Even States which have attempted to allocate large amounts of Chapter 2 money on the basis of poverty have not been able to generate sufficient funds for cities which previously received ESAA grants. For instance, Wisconsin allocated 50% of its funds on the basis of enrollment and 50% on the basis of the number of children in the district receiving Aid for Dependent Children (AFDC). Each district received $3.69 per enrollee and $398.44 for each AFDC child. Yet Milwaukee received over 65% less money than it received under ESAA ($2,695,606 in 1982-83 under the block grant versus $7,824,647 under ESAA in 1981). The following chart illustrates funding changes in a selected number of cities:

1/ Connecticut -- students affected by desegregation
Michigan -- students affected by desegregation
New Jersey -- students affected by desegregation
New York -- students affected by desegregation
Washington -- racial isolation, minority enrollment

School District	FY80 1980-81	FY81 1981-82	FY82 1982-83	FY80-FY82 % Change
Albuquerque	$ 510,000	$ 488,147	$ 480,000	- 5.9%
Atlanta	674,144	534,086	827,139	- 5.4
Baltimore	1,618,211	895,598	1,358,878*	-16.0
Boston	3,863,763	1,056,479	1,011,068	-73.8
Buffalo	6,698,530	7,651,652	950,000	-85.8
Chicago	5,820,000	6,833,669	5,500,000	- 5.5
Cleveland	7,864,617	4,647,259	1,021,813	-87.0
Dade County	2,882,192	2,624,958	2,160,694	-25.0
Dallas	4,155,771	2,663,471	852,197	-79.5
Denver	1,862,017	784,158	717,846	-61.5
Detroit	7,224,026	4,249,476	3,418,852	-52.7
Long Beach	190,283	183,386	279,000	46.6
Los Angeles	21,810,918	10,475,794	7,991,535*	-63.4
Memphis	1,216,000	997,737	948,066	-22.0
Milwaukee	8,511,592	7,824,647	2,697,606	-68.3
Minneapolis	1,090,536	610,71[illegible]	272,996	-75.0
Nashville	1,035,940	795,675	557,242	-46.2
Norfolk	1,077,959	641,519	480,776	-55.4
New York	22,154,158	14,238,100	8,470,000	-61.8
New Orleans	2,110,699	1,903,758	658,400	-68.8
Oakland	1,007,272	625,937	256,638	-71.5
Philadelphia	8,898,555	6,573,959	3,427,651	-61.5
Pittsburgh	887,135	463,949	595,839	-32.8
Portland	714,878	680,000	550,000	-23.1
St. Louis	7,798,795	5,131,487	653,645	-91.6
Seattle	7,012,640	4,230,337	731,530	-89.6
San Francisco	2,700,240	1,776,083	832,465	-69.2
Toledo	1,144,744	814,496	370,532	-67.6
Washington	3,002,003	1,701,007	2,187,360*	-27.1
City Totals	$135,737,619	$ 92,096,536	$ 50,289,768	-63 0%
National Totals	$752,000,000	$536,000,000	$483,000,000	-35.8%
Percent	18.1%	17.2%	10.4%	

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* Includes funds for private schools

Source: Council of the Great City Schools

Overall these districts have experienced a 63% drop in funding.

Since many of these districts were in the middle of multi-year plans or about to implement plans which relied on

ESAA funding, this sudden loss of funding has caused severe problems. Milwaukee, for example, began a five-year ESAA funding grant in 1981-82. Last September, Dr. Lee R. McMurrin, the Superintendent of the Milwaukee schools, testified before a House Committee that because of reduced funding under Chapter 2, Milwaukee must cut programs such as those for intensive foreign language training, the gifted and talented, the arts, basic skills, and environmental education (all in elementary schools). Secondary level projects affected include solar energy/heating/cooling technology, computer science, energy and environment, transportation, medical science and technology, food/tourism/recreation, agribusiness, visual and performing arts, small business, and international studies. All of these, as well as human relations support and staff development programs, were generated by federal ESAA funding. As Dr. McMurrin so aptly described the problem:

> The question today is our ability to continue attracting parents to these integrated school settings. Will that happen even when these successful programs can no longer be maintained and expanded to accommodate their needs and expectations? If they do not come, we will not be able to maintain court ordered requirements voluntarily -- a move that would likely destroy any remaining community interest and support. 2/

2/ See Testimony of Lee R. McMurrin, Ph.D., Superintendent of Schools, Milwaukee Public Schools, before the Subcommittee on Civil and Constitutional Rights, U.S. House of Representatives, September 9, 1982, Washington, D.C.

In St. Louis, in the first two years of a desegregation plan (1980-81 and 1981-82) the federal government contributed $7,273,697 and $4,690,122 respectively. Since repeal of ESAA, federal funding has been reduced to the token level of $708,000, an 88% reduction. This drastic drop in funding was so radical that the city was required to petition the federal court to make adjustments in the cost allocation formulas contained in its original order. The cuts led to staff reductions and the curtailing or elimination of a number of programs, including art, music, library services and physical education at the elementary level and science enrichment for all magnet schools.

A study 3/ by the American Association of School Administrators (AASA) indicates that only 5.7% of the surveyed school districts are using Chapter 2 funds for activities which previously would have been funded under ESAA. In addition, only 4.7% of the surveyed districts are funding desegregation training and advisory services. AASA attributes this pattern to the relatively small grants under Chapter 2, compared to ESAA, noting that desegregation programs are expensive and not always politically popular.

3/ The American Association of School Administrators surveyed a random sample of 2,500 large, mid-size, and small school districts. Approximately 45% of the sample responded.

The extraordinarily low amount of Chapter 2 funds being expended on desegregation efforts illustrates the failure of the block grant to help address this country's desegregation problems. Many of our cities, for a variety of reasons, continue to operate racially dual school systems, or at least systems which have not achieved fully unitary status, and most school systems are characterized by growing racial isolation of black, white, and Hispanic students. Without ESAA there is no readily apparent source of funding to implement voluntary desegregation plans. Voluntary plans give communities more local control and generally de-emphasize mandatory reassignment and busing. But they are expensive, and without ESAA it is likely that there will be more litigation rather than adoption of voluntary plans in many communities.

The federal government is simply not living up to its responsibilities in this area. Particularly when school districts attempt to implement federally imposed desegregation requirements, it is entirely appropriate that some financial contribution be received from the government imposing these requirements. Instead the federal government is taking away funds that assist districts in complying with the Constitution and with federal laws.

B. ESAA's Civil Rights Provisions

The Emergency School Aid Act provided that school districts were ineligible for assistance if, after June 23, 1972 (the date of the statute's enactment), the district had committed any one of four civil rights violations:

> (1) Transferred real or personal property, or made services available, to any nonpublic school or school system which it knew or reasonably should have known was operated on a racially segregated basis as an alternative for children seeking to attend segregated schools or which otherwise practiced discrimination on the basis of race, color, or national origin;
>
> (2) Disproportionately demoted or dismissed instructional or other personnel from minority groups in conjunction with desegregation plans or otherwise engaged in discrimination based on race, color or national origin in the hiring, promotion, or assignment of employees of the agency.
>
> (3) Instituted procedures for the assignment of children to or within classes which resulted in the separation of minority group children for a substantial portion of the school day (bona fide ability grouping as a standard pedagogical practice excepted);
>
> (4) Had in effect any other practice, policy, or procedure (such as limiting curricular or extracurricular activities in order to avoid the participation of minority group children in such

activities) which discriminated among children on the basis of race, color, or national origin.

Under ESAA school districts had to demonstrate compliance before receiving ESAA funds. By incorporating both a carrot and a stick -- federal funds and pre-clearance civil rights requirements -- ESAA provided a strong incentive to school districts to correct civil rights violations quickly and voluntarily. The ESAA process focused attention upon, and forced correction of, civil rights problems in school systems with large concentrations of minority group children. From a civil rights enforcement perspective, the consolidation of ESAA into the Chapter 2 block grant eliminated a very effective tool for reducing racial and ethnic discrimination.

The civil rights provisions of ESAA were administered by the Office of Civil Rights (OCR). Regional offices of OCR reviewed the applications on the basis of information contained in the districts' applications and supporting documents, data furnished by the district in connection with the Elementary and Secondary Civil Rights Survey and the Elementary-Secondary Staff Information Survey, and information in the applicant's OCR case file.

Ineligible applicants were given the opportunity to request a show cause hearing at which the district was permitted to demonstrate why the Department's ineligibility determination was erroneous. As an alternative, or in addition to the show cause hearing, districts could request a waiver of ineligibility. Under the statute a waiver could be granted by the Secretary only upon a determination that any practice, policy, procedure, or other activity resulting in ineligibility had ceased to exist, and that the applicant had given satisfactory assurances that the activities prohibited would not reoccur (Section 606(C)(1); 20 U.S.C.S. §3196 (Supp. 1982)). See Kelsey v. Weinberger, 498 F.2d 701 (D.C. Cir. 1974).

The Office of Education promulgated regulations delineating the required corrective action for a waiver of ineligibility. For instance, districts found ineligible because of demotion or dismissal of minority group faculty or staff during the period of desegregation had to reestablish at least the proportion of minority staff that existed prior to desegregation. School districts which assigned teachers improperly had to reassign them so that no school was racially or ethnically identifiable. In the case of racially identifiable classes which could not be justified pedagogically, a district had to eliminate such classes and reevaluate the affected students and reassign them on a nondiscriminatory basis.

Waivers of ineligibility could be granted only if a school district provided assurances and evidence that specific steps were being taken to remedy specific violations. Thus, to the extent waivers were granted, districts were alleviating their civil rights problems. The following chart, drawn from testimony by a Department of Education official, demonstrates that under ESAA, an average of 69% of districts initially ineligible received waivers by taking corrective action. 4/

4/ School Desegregation: Hearings Before the Subcomm. on Civil and Constitutional Rights of the House Committee on the Judiciary, 97th Cong., 1st Sess. (1982) (Statement of James B. Stedman, Specialist in Education; Education & Public Welfare Division, Congressional Research Service).

ESAA Ineligible Applicants and Waivers, 1975-1981

Fiscal Year	Number Ineligible	Number Whose Ineligible Status Was Revoked*	Net Ineligible	Waivers Granted	Percent of Net Ineligible Waived
1975	84	3	81	42	52%
1976	134	23	111	84	76%
1977	188	26	162	110	68%
1978	171	18	153	106	69%
1979	92	7	85	57	67%
1980	86	8	78	62	79%
1981	66	5	61	41	67%
TOTAL	821	90	731	502	69%

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* An ineligibility determination can be revoked if the applicant demonstrates that the determination was in error.

Source: Office for Civil Rights. Department of Education. Unpublished annual tabulations of statistics on ineligible applicants.

Thus, ESAA was a significant factor, in many districts, in ending discriminatory practices. By requiring compliance with specific civil rights provisions as a precondition to the award of federal financial assistance, ESAA had a significant role in the prevention or elimination of unlawful discrimination. Pre-grant conditions, of the kind contained in ESAA, are among the most effective ways of enforcing nondiscrimination provisions and ensuring equal opportunities for the beneficiaries and potential beneficiaries of federal financial assistance.

The program was a particularly successful civil rights enforcement mechanism from the standpoint of effective management. In contrast to its record of investigating and resolving complaints -- where OCR's historically tardy performance has resulted in a series of court orders against the agency -- the need to act on ESAA applications and waiver requests in time to permit funding awards forced OCR to act promptly and effectively. The statutory civil rights clearance process also focused OCR's attention on problems that traditionally do not generate frequent complaints to the agency -- for example, the lack of bilingual education programs, discriminatory suspension and expulsion practices, or disproportionate assignment of blacks to classes for the Educable Mentally Retarded (EMR). In FY 1980 alone, through the ESAA pre-clearance process, the Office for Civil Rights secured 33 acceptable bilingual education plans, 18 corrective action plans addressing misplacements of minority students in EMR programs, and five plans correcting racially discriminatory discipline procedures and practices. 5/

5/ Oversight: Civil Rights Implications of the Education Block Grant Program - The Impact on Public School

[Footnote continued]

Finally, the ESAA pre-clearance process also served to keep the enforcement process in balance by directing regular attention to civil rights problems in school systems with the largest concentrations of minority group students. Most school districts with significant proportions of minority students applied for ESAA funds. Pre-grant civil rights reviews thus insured that any racial or ethnic discrimination affecting large numbers of minority students would be addressed. The loss of ESAA pre-clearance is particularly serious because the increasing proportion of complaints about other kinds of discrimination will limit OCR's ability to deal with the racial and ethnic bias which still plagues many students. Over the three fiscal years from 1980 through 1982, OCR resolved 1,021 Section 504 (handicap) complaints, 343 Title IX (sex discrimination) complaints, and 248 Title VI (181 race and 67 national origin) complaints at the elementary and secondary school level. (Ninety-one (91) "combination" complaints were also resolved.) 6/ Greater numbers of Title IX and Section 504 complaints than Title VI complaints are backlogged. Yet we know that serious discrimination problems remain.

5/ [Footnote continued]

Desegregation; Hearings Before the Subcomm. on Civil & Constitutional Rights of the House Comm. on the Judiciary, 97th Cong., 1st Sess. (1982) (Statement of Cynthia Brown, Co-Director, The Equality Center).

6/ Id.

C. Funding and Successful Desegregation.

Adequate funding is critical to the implementation of successful desegregation plans. Almost without exception the desegregation of a public school system calls for substantial planning and expenditures, including significant transportation costs, whether student reassignments are mandatory or voluntary. While state funds may be available, they often will not cover the total cost of a complex desegregation plan.

The programs funded under the Emergency School Aid Act made a significant contribution to the successful implementation of desegregation plans, both those which were adopted pursuant to the order of a federal or state court or administrative agency, and also those programs which have been voluntarily adopted by local school boards committed to the elimination of racially segregated schools in order to improve educational opportunities for all students.

ESAA funded a variety of activities and programs that made the transition to integration smooth and effective for many school systems. These activities included:

- magnet schools;
- inservice training and staff development programs;
- remedial reading and math programs;
- multi-racial and multi-ethnic curriculum development;
- community relations;
- activities to prevent or eliminate continuing problems resulting from a desegregation plan;

- desegregation planning;
- special programs to encourage parent participation;
- special organized activities in which minority and non-minority students can work and play together.

These also happen to be the types of activities that encourage voluntary compliance with desegregation requirements, which may avoid or minimize mandatory busing.

The common perception, with which I have no cause to disagree in this submission, is that desegregation "works better" if it is voluntary. Certainly it enjoys a greater measure of public acceptance, since children are not "forced" to attend schools they might otherwise not wish to attend, and school systems are not "forced" to adopt assignment plans contrary to their wishes. For purposes of the Emergency School Aid Act, however, it is important to recognize that whatever the impetus for a school system's desegregation effort, its plan may employ either mandatory devices (such as the redrawing of attendance zones, the pairing of schools, and the reassignment of students) or voluntary features (such as the establishment of magnet schools or the institution of special transfer provisions) under which students of different races or national origins are encouraged to elect to attend integrated school facilities, or some combination of both.

Whatever techniques they use, it is precisely these voluntary plans, which received ESAA assistance in the past, that have suffered as a result of ESAA's repeal. From the very beginning of the program, federal funds have not been available to pay for the initial capital cost of pupil transportation systems nor for the annual operating expenses associated with pupil transportation for desegregation. While a strong case could be made for lifting that restriction, I do not seek to make that case here. Rather, I want to focus the attention of the Subcommittee upon those successful voluntary plans and voluntary features of mandatory plans for which federal funding is crucial.

Students and parents of all races are often reluctant to enter new situations, such as selecting an integrated school in a traditionally segregated system. They rely upon the familiarity of what is known. Most voluntary desegregation devices, such as magnet schools, seek to break down these intangible barriers by offering newly created educational advantages as an incentive for integrated school attendance. For example, magnet high schools concentrate instruction in a particular field -- science, mathematics, fashion technology, computers, etc. -- and students are encouraged to select these schools to obtain intensive subject matter training and to learn in an atmosphere in which most of the other students are also at the facility because of their interest in the subject matter.

The development of new programs, the reorganization of school systems, faculties and administrative staffs, the reshaping of curricula, the purchase of necessary new equipment, the purchase of new textbooks -- all of these things which are vital to the successful operation of magnet schools -- cost money. It is true that they will contribute to an overall improvement in the quality of education offered within a school district. Perhaps the establishment of magnet schools represents an education innovation which is desirable quite apart from desegregation, and which in an ideal world would be paid for by the local school district. I need hardly remind the Subcommittee, however, of the severe fiscal crisis faced by most school districts in this country. A falling birth rate, graying population, and heavy demand for other public services (along with the oil crisis shock) have resulted in steadily increasing class sizes and teacher reductions across most of the nation. In these circumstances, it is simply not realistic to expect local school districts to provide the financing for magnet schools. We must look to the federal government for assistance in carrying out what the Supreme Court recently described in the Bob Jones University case as the compelling public policy in favor of racially integrated schools.

In the decade of the 1970's, the Congress responded to this need at a time when the desegregation process was at its height. Through the Emergency School Aid Act, literally hundreds of school systems obtained financial assistance to ease the transition from racially segregated schools. Even in cases where plans were imposed by the federal courts, there were innumerable necessary supplementary programs besides pupil transportation and reassignment that ESAA financed, and that made desegregation a smoother and more successful process for millions of students. Teachers and administrators were given inservice training to prepare them for interacting with students they had never encountered. Rumor control centers were established to prevent the whispering innuendo that can be fatal to community support for public education. Under the former ESAA program, many non-profit community organizations received small grants to help build support for school integration.

Most significant for my purposes today, many school districts used ESAA funds to establish magnet schools or other devices to foster voluntary desegregation. A few of the examples which come to mind are Riverside, California; Milwaukee, Wisconsin; Boston, Massachusetts (where there was a mandatory backup in case voluntary devices failed to dismantle a previously dual system); San Bernadino, California; and Rochester, New York (where there is a modestly sized but long successful voluntary interdistrict desegregation opportunity with several suburban districts' cooperation). The recently negotiated settlement agreement in the St. Louis school desegregation matter calls for creation of magnet schools and other devices to foster voluntary interdistrict desegregation.

That ESAA or ESAA-type funding is critical to the success of voluntary desegregation efforts is a perception shared by many senators and representatives who are familiar with what school districts in their districts are doing. New York State, for example, has long supported vigorous desegregation efforts, and in this body a Dear Colleague letter supporting passage of a bill to recreate the ESAA program was signed by Representatives Conable, Kemp, and Horton, among others. Such legislation was subsequently passed by the House. On the other side of Capitol Hill, Senator Moynihan is a cosponsor of legislation to reenact ESAA.

History and experience, as well as common sense, teach us that voluntary desegregation can be achieved, but that it costs money. The ESAA program was Congress' historic response to the need for funds to support voluntary desegregation; its repeal and operation since inclusion in Chapter 2 only illustrates that Congress should once again act to recreate the program and maintain the momentum for school integration which is so valuable.

II. IMPLEMENTATION OF CHAPTER 1

A. Monitoring and Enforcement of Program Requirements

Based upon its knowledge and experience with the Title I program, the Federal Education Project of the Lawyers' Committee argued strenuously against consolidation of Title I as originally proposed by the Administration, and against any over-simplification of program requirements. Chapter 1 was enacted, however, and it incorporated many changes which the

Project felt would not help disadvantaged students. Rather than discuss these matters at length, I will confine my testimony to the immediate issue at hand -- how the changes which were enacted have actually affected the program.

No major studies have been published on the implementation of the Chapter 1 program. The preliminary findings of a Federal Education Project study of practices in State Educational Agencies and a sampling of school districts in 10 states, however, indicates a wide variety of responses to the changes in the law. In those States with a history of a strong commitment to equality of opportunity, Chapter 1 has not brought about any major changes on the state level. Monitoring, enforcement, and technical assistance to assure that programs are properly targetted and effective are taking place much as they always have, although budget cuts may force some program modifications even in these states.

In States in which there is no history of a commitment to equality of opportunity, we have seen evidence of back-sliding in enforcement. These States are requesting less information from school districts on targetting schools, needs assessment, choosing program participants, evaluation, etc., and they plan to do less monitoring and to provide less technical assistance. It is in these States and school districts that oversight is particularly important and necessary. Especially in times of fiscal need, there may be great pressures upon school officials to use categorical funds in ways at variance with the aim of the legislation -- in this case, the improvement of educational programs in schools serving high concentrations of children from low-income families "by means which contribute particularly to meeting the special needs of educationally deprived children." Although the ultimate impact on the success of individual programs remains to be seen, our experience indicates that there are clearly problems on the horizon. Without adequate oversight, the effects desired from the funds appropriated by the Congress may dissipate.

It is clear that if Chapter 1 funds went directly to program beneficiaries, as in the AFDC program, Congress would require States and localities to be conscientious about who received funds and whether they were spent on permissible items. While I do not suggest imposition of the sort of verification procedures required in the welfare area, I do want to emphasize that there is a continuing need for oversight, monitoring and enforcement of programmatic provisions beyond what is contained in Chapter 1.

The Department of Education has not attempted to fill the gap. The first set of regulations issued by the Department did not apply the General Education Provisions Act, which contains useful limitations in some areas, to Chapters 1 or 2. Only a veto of the regulations, an option no longer open to Congress, stopped the Department from implementing the inadequate regulations. The Department has also failed to issue regulations, which would provide concrete guidance and performance standards for state and local school officials. Instead ED has issued what it calls "Non-Regulatory Guidance" (NRG) to deal with some, but not all, of the many questions raised by regulations, which often simply parrot the statutory words. In interviews with state and local officials conducted by the Federal Education Project, virtually no one relied on the NRG and many did not even know it was available. In those same interviews, an overwhelming majority of respondents stated that they found little or nothing burdensome about the old Title I requirements and that they desired concrete specific guidance to make sure they were operating within the confines of the law and would not be found out of compliance in audits conducted at a later date.

A recent study of evaluation practices in five western states, by the Northwest Regional Educational Laboratory, bears out this finding. Most of the program directors interviewed by the researchers said Title I paperwork was not burdensome or unnecessary; and most of the directors anticipated little or no change in paperwork under Chapter 1.

Thus, we believe Congress should insure that the technical amendments to Chapter 1, passed by both Houses of Congress, become law. These amendments would correct drafting errors in the original legislation, clear up questions on the applicability of GEPA, and reinstate the flexibility and guidance which were included in Title I. Enactment of these amendments would resolve many problems on the local level, and would help insure that the program's intended beneficiaries are indeed benefitted.

B. Effect of Budget Cuts

A common theme in almost all of the school districts surveyed by our Project was the cut in Chapter 1 funds and its profound effect on the program. The local response to funding cuts has included providing services to fewer children, hiring fewer aides and teachers, phasing out components of programs, and ending auxiliary services. State agencies have reported cutting back on monitoring efforts, and providing less technical assistance than in the past. The Northwest Regional Educational Laboratory study, noted above, also found that state and local officials believed budget cuts were more likely than legislative changes to affect programs. There is no question that these changes will either lower the quality of services which educationally deprived children receive or will result in fewer children being served.

A recent report by the American Federation of Teachers estimates that over 1.5 million children have been cut from the program because of reduced funding. This report also compared funding for Chapter 1 in fiscal years 1982 and 1983 with the amount of money that would have been necessary to maintain services that were provided with the fiscal year 1981 level of funding. According to the AFT, no State has been able to maintain FY 1981 levels, with the District of Columbia losing the most per school age child ($52.20), to Utah, which lost $12.13 per child.

Chapter 1, as Title I before it, is not a program aimed only at minority children -- the beneficiaries of civil rights protections. Nevertheless, a disproportionate percentage of children from minority groups are eligible for services under the program. Those children are increasingly concentrated in large urban districts which are already suffering the most from the loss of ESAA and other special funding under Chapter 2. Strengthening Chapter 1 and increasing its appropriations levels is an essential step toward rebuilding the educational and quality of life opportunities for hundreds of thousands of our nation's most disadvantaged children.

Thank you.

Mr. WEISS. Thank you, Mr. Tatel.
Ms. Orum.

STATEMENT OF LORI S. ORUM, SENIOR EDUCATION POLICY ANALYST, NATIONAL COUNCIL OF LA RAZA, ON BEHALF OF COALITION ON BLOCK GRANTS AND HUMAN NEEDS

Ms. ORUM. Mr. Chairman, members of the subcommittee, my name is Lori Orum. I am senior education policy analyst at the National Council of La Raza and I'm here today on behalf of the Coalition on Block Grants and Human Needs.

On behalf of the coalition, I'd like to thank you for providing us with the opportunity to appear before you today to share our concerns regarding the education block grants. The coalition appears before this subcommittee with deep appreciation and respect and we hope that you will follow this hearing with others focusing on each of the nine other block grants in a full investigation of the new federalism policies.

The Coalition on Block Grants and Human Needs is an alliance of over 100 national organizations deeply concerned with the devastating effect of the block grant program on low income, minority, and special-need populations.

Our members include religious groups, civil rights organizations, labor unions, and groups representing low income, disabled, elderly, youth, and other disadvantaged groups. Since 1981, the coalition has focused on block grant proposals, New Federalism initiatives, and human service programs. We are particularly concerned with the implementation of block grant programs throughout the country and have been monitoring State and local administration of these programs.

We would like to share with you today some of our findings and concerns with relation to chapter 2 of the Education Consolidation and Improvement Act, the education block grant.

As you know, the Education Consolidation and Improvement Act called for States to assume administrative responsibility for the education block grant and chapter 2 consolidated 28 very diverse programs, the largest being the ESAA program, which represented 36 percent of the funds now included in the chapter 2 block grant.

The coalition is very concerned with the equity and effectiveness of the education block grants and I would like to briefly outline for you a number of the concerns and then highlight some of the civil rights implications.

In terms of high-cost students, under the education block grants, States are required to develop a distribution formula which is based both on the number of school age children and the number of particularly high-cost students in each school district. Since each State is able to establish its own definition of high-cost student, they determine the weight of such factors in the distribution formula.

Some 25 different high-cost factors have been used nationwide, including such things as income levels, handicap, limited English proficiency, racial and ethnic composition, and desegregating districts.

However, our investigation of State formulas indicates that few States have chosen to include factors such as desegregation or racial composition in their allocation formulas. Others have distributed only a very small proportion of the funds based on the high-cost factors.

Thus, while a large percentage of the programs that were consolidated into chapter 2 previously served special populations with particular needs such as school districts involved in desegregation efforts, the block grant funds are being distributed primarily based on school age population.

Such an allocation system negatively affects those school districts serving low income, minority, handicapped, and limited English-proficient students.

As you will hear from others testifying today, large urban school districts which primarily serve these high-cost students have received the largest reductions in funding under the chapter 2 program.

Private schools, and the funds flowing to them, are another concern of the coalition. Under chapter 2, funds have been extended to include private schools, leaving even less money available for the public school systems.

One concern articulated by State officials is that although the public school officials are responsibile for the proper use of funds by private schools, and may, in fact, be held liable for their misuse, the public officials cannot institute requirements for the use of the block grant funds, or require the documentation of expenditures from the private schools.

Since some State constitutions forbid the State from using public funds for private schools, the block grants also established a bypass provision allowing private companies to receive chapter 2 funds and provide services for private schools. Well, this bypass provision allowed one private company in rural Missouri to receive a $30,000 contract to conduct a program for private school students.

The same services could have been provided by the local public school for only $4,000. The primary difference in cost was the private firm's ability to charge up to 50 percent for their administrative costs.

The coalition is also concerned about the supplement and not supplant provisions in the block grants. Since many school districts are using block grant funds to purchase textbooks, computers, library materials, and other equipment and hardware, rather than funding programs or services, some districts have used chapter 2 funds to help offset the cost of purchasing updated reading and math texts for the entire district.

While districts have argued that absent Federal funds they would not have been able to purchase enough new texts for every child, the use of Federal money to purchase materials normally bought with local funds raises serious questions concerning the Federal supplement and not supplant requirements.

With respect to documentation, since the States are not required to collect information on how local education agencies use chapter 2 funds, and in fact, are almost prohibited from doing so, LEA's are not required to document whom they serve with the block grant funds and little information is being collected on who is served with these funds.

Without such documentation, it is nearly impossible to ascertain whether the block grant funds are being spent in accordance with the intent of the law.

Even when States have distributed funds based on a number of high-cost students in each LEA, the State has no means of determining whether those funds or services actually reach those high-cost students which generated the funds.

In addition, the lack of documentation makes it almost impossible to determine if block grant programs are complying with Federal civil rights requirements.

All of the concerns that we've just outlined about the program have serious implications for civil rights protections under the education block grants. The combination of little targeting, of decreased funds and services, of inadequate documentation regarding the use of the funds, of the pass-through of funds to the private schools, and the reduction of citizen involvement requirements lead us to conclude that the Federal requirements governing the block grant program are inadequate to assure that funds are being used in the best possible way and in a nondiscriminatory manner.

Members of the coalition are concerned with the Federal, State and local mechanisms available to investigate and enforce Federal civil rights laws under the block grants. States and localities are now required to be increasingly involved in the civil rights process. While the Department of Education's Office of Civil Rights will continue to be responsible for civil rights enforcement, it is depending more and more heavily on the States to promote voluntary compliance through mediation and informal conciliation.

It is anticipated that this reliance on State and local activities may soon replace most traditional civil rights enforcement procedures, such as compliance reviews, complaint investigations and monitoring efforts.

This shift away from strong Federal enforcement to increasing State involvement is expected both as a result of the nature of the block grant program and as a result of policy and funding changes in the Department of Education. The decentralization of the block grant administration results in little direct involvement by Federal OCR staff with program activities.

Prior to the block grants, localities applied directly to the Federal Government for categorical funds and applications were reviewed for civil rights compliance. In addition, data collection and reporting were required by OCR and compliance reviews were conducted based on these data.

Such oversight is no longer available at the Federal level since States automatically receive funds and useful data are rarely collected.

Members of the coalition are also very concerned with the recent funding reductions in the Office of Civil Rights. The Commission on Civil Rights noted that OCR's 31 percent decrease in spending power between fiscal years 1980 and 1982 could result in decreased compliance reviews and technical assistance, restrict monitoring and perhaps aggravate deficiencies which are so serious that the Office of Civil Rights faces a possible contempt ruling for failing to carry out its court-ordered responsibilities.

This expectation is of particular significance with regard to the block grants. State and local officials, assuming new civil rights responsibilities, must be properly trained in civil rights laws and procedures. The knowledge and expertise of Federal OCR staff cannot simply be forfeited without any consideration for the abilities of State and local officials.

However, our investigations indicate that this is exactly the case in many States. State and local officials with no experience and training have been given responsibility for resolving civil rights violations. As a result, members of the coalition fear that many civil rights issues are not being identified or addressed under the block grant system.

Finally, we are concerned with a recent major policy change in the Department of Education. OCR staff have been instructed to determine whether the educational program involved in desegregation complaint receives direct Federal funding.

This policy was instituted as a means of decreasing the backlog of complaints currently filed with OCR and is a dramatic change in previous OCR policy. The ramifications of this policy in relation to the block grants are extremely serious.

Given the general-purpose nature of the education block grants, it will be almost impossible to prove that Federal funds were used to finance a particular activity. Earlier this year, OCR felt that perhaps the dilution of block grant funds in many activities at the local level might make it easier to claim Federal jurisdiction in a civil rights complaint. However, the institution of this new policy might make civil rights enforcement impossible under the block grants. Even if serious civil rights violations were identified in a school district receiving block grant funds and using them for general purposes, it might prove impossible to rectify the discriminatory problems because the Federal Government would be unable to prove that a particular activity was funded with block grant money.

In closing, Mr. Chairman, the coalition would like to offer the subcommittee a few recommendations for consideration. First of all, we would recommend that legislation to reestablish the Emergency School Aid Act as a categorical program be supported to assure that school districts seeking to institute desegregation plans will have the funds necessary to do so.

Second, we would urge that congressional intent be clarified with regard to the development of State distribution formulas which are reasonably calculated to produce an equitable distribution of funds by specifying the importance of high-cost factors.

Third, we would suggest that data be required to be collected at the State and local levels to indicate how funds are being spent and who is being served by the programs.

Finally, we would hope that the subcommittee would help ensure that the States comply with Federal civil rights laws and actively monitor nondiscrimination protections by requiring the collection of data required by Federal title VI regulations to demonstrate that money is being spent in a nondiscriminatory manner, to provide increased training and technical assistance to State and local officials that are responsible for civil rights compliance, and to monitor the policy decisions at the Department of Education's Office for Civil Rights which directly or indirectly affect the block grant programs.

Thank you.

[The prepared statement of Ms. Orum follows:]

COALITION ON BLOCK GRANTS AND HUMAN NEEDS

TESTIMONY

ON

THE ELEMENTARY AND SECONDARY EDUCATION BLOCK GRANT

PRESENTED TO

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

SUBCOMMITTEE ON

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES

PRESENTED BY

Lori S. Orum
Senior Education Policy Analyst
National Council of La Raza

ON BEHALF OF

COALITION ON BLOCK GRANTS AND HUMAN NEEDS

SEPTEMBER 20, 1983

INTRODUCTION

Mr. Chairman, members of the Subcommittee, I am Lori Orum, Senior Education Policy Analyst for the National Council of La Raza. I am here today representing the Coalition on Block Grants and Human Needs. On behalf of the Coalition I would like to thank you for providing us with the opportunity to appear before you today to share our concerns regarding the Education Block Grant.

The Coalition appears before this Subcommittee with deep appreciation and respect, for we know that you share our belief that the new block grants have not been given the attention needed to adequately evaluate their effectiveness. We hope that you will follow this hearing with others focusing on each of the nine other block grants, in a full investigation of the Administration's New Federalism policies.

The Coalition on Block Grants and Human Needs is an alliance of over 100 national organizations which are deeply concerned with the devastating effect of the block grant program on low-income, minority and special need populations. Our members include national religious groups, civil rights organizations, labor unions, and groups representing low-income, disabled, elderly, youth and other disadvantaged groups.

Since 1981 the Coalition has focused on block grant proposals, New Federalism initiatives, and human services programs. We are particularly concerned with the the implementation of block grant programs throughout the country and have been monitoring state and local administration of these programs. We would like to share with today some of our findings and concerns with relation to Chapter 2 of of the Education Consolidation and Improvement Act of 1981 -- the Education Block Grant.

OVERVIEW OF THE BLOCK GRANT

As you know, the Education Consolidation and Improvement Act (ECIA), enacted in 1981 as part of President Reagan's New Federalism plans, called for states to assume administrative responsibility for the Education Block Grant. Chapter 2 of this block grant consolidated 28 very diverse programs, the largest being the Emergency School Aid Act (ESAA), which represented 36 percent of the funds now included in the Chapter 2 Block Grant.

The Coalition is very concerned with the equity and effectiveness of the Education Block Grant. I will briefly outline a number of our concerns and then will focus on several civil rights issues related to the block grant.

High-Cost Students

Under the Education Block Grant, states are requred to develop a distribution formula based on the number of school-aged children and the number of particularly "high cost" students in each school district. Each state is able to establish its own definition of a high-cost student and to determine the weight of such factors in its distribution formula. Some 25 different high-cost factors have been used nationwide, including such things as: income levels, handicap, limited-English-proficiency, racial and ethnic composition, and desegregating districts. However, our investigation of state formulas indicates that few states have chosen to include factors such as desegregation or racial composition in their allocations. Others have distributed only a small proportion of the funds based on high-cost factors. In Mississippi, for example, only five percent of the Chapter 2 funds are allocated based on the number of high-cost students. California, conversely, chose to institute a modified "hold-harmless" allocation system, which would have distributed funds primarily based on previous funding under the categorical programs. The Department of Education, however, rejected this plan, and required the state to develop another distribution formula based more heavily on school-aged population, which resulted in a substantial redistribution of funds.

Thus, while a large percentage of programs consolidated in Chapter 2 previously served special populations with particular needs, such as school districts involved in desegregation efforts, the block grant funds are being distributed primarily based on the school-aged population. Such an allocation system negatively affects those school districts serving low-income, minority, handicapped, and limited-English-proficient students. Urban school districts, which primarily serve such high-cost students, have received the largest reductions in funding under the Chapter 2 program. Although funding for programs included in Chapter 2 was decreased by 11 percent between FY 1981 and 1983, commonly urban school systems with large minority student populations have lost more than twice that percentage in funding. St. Louis has received only one-tenth of the funds it was allocated under the categorical programs. Buffalo public schools experienced similar cuts, receiving an 86 percent reduction in its original allocation, from $7.5 million to $900,000, with one-third of this amount earmarked for private schools.

Private Schools

Under Chapter 2, funds have been extended to include private schools, leaving even less money available for public school systems. One concern articulated by state officials is that although public school officials are responsible for the proper use of funds by private schools, and may be held liable for their misuse, the public officials cannot institute any requirements for use of block grant funds or require the documentation of expenditures from private schools.

Since some state constitutions forbid the state from using public funds for private schools, the block grant established a by-pass provision which allowed private companies to receive Chapter 2 funds and provide services for private schools. This by-pass provision allowed one private company in rural Missouri to receive a $30,000 contract to conduct a program for private school students. The same services could have been provided by the local public school for only $4,000. The primary difference in costs was the private firm's ability to charge up to 50 percent for their administrative costs.

Supplementing vs. Supplanting

Many school districts are using block grant funds to purchase text books, computers, library materials, and other equipment and hardware, rather than funding programs or services. Some districts have used Chapter 2 funds to help offset the cost of purchasing updated reading and math texts for the whole district. While districts have argued that absent federal funds they would not have been able to purchase enough new texts for every child, the use of federal money to purchase materials normally bought with local funds raises serious questions concerning federal "supplement not supplant" requirements.

Documentation

Since states are not required to collect information on how local education agencies (LEAs) are using Chapter 2 funds, and since most LEAs are not required to document whom they serve with the block grant funds, little information is being collected on who is being served with Chapter 2 funds. Without such documentation, it is nearly impossible to ascertain whether the block grant funds are being spent in accordance with the intent of the law.

A few states, California for example, collect data on Chapter 2 expenditures due to state-wide, comprehensive data reporting requirements. However, often state funds are not available to aggregate and analyze the information for use in monitoring and planning services.

Even when states distributed funds based on the number of high-cost students in each LEA, the state has no means of determining whether those funds actually reached those students which generated the funds. In addition, the lack of documentation makes it almost impossible to determine if block grant programs are complying with federal civil rights requirements.

CIVIL RIGHTS IMPLICATIONS

All of the concerns outlined above have serious implications for civil rights protections under the Education Block Grant. The combination of: (1) little targeting of decreased funds and services, (2) inadequate documentation regarding the use of funds, (3) the pass-through of funds to private schools, and (4) the reduction of citizen involvement requirements, leads us to conclude that federal requirements governing the block grant program are inadequate to assure that funds are being used in the best possible way and in a nondiscriminatory manner.

Members of the Coalition are concerned with the federal, state and local mechanisms available to investigate and enforce federal civil rights laws under the block grant. States and localities are now required to be increasingly involved in the civil rights process. While the Department of Education's Office of Civil Rights (OCR) will continue to be responsible for civil rights enforcement, it is depending more and more heavily on states to promote voluntary compliance through mediation and informal conciliations. It is anticipated that this reliance on state and local activities may soon replace most traditional civil rights enforcement procedures, such as compliance reviews, complaint investigations, and monitoring efforts.

This shift from strong federal enforcement to increasing state involvement is expected both as a result of the nature of the block grant program, and as a result of policy and funding changes in the Department of Education. The decentralization of block grant administration results in little direct involvement by federal OCR staff with program activities. Prior to the block grant, localities applied directly to the federal government for categorical funds, and applications were reviewed for civil rights compliance. In addition, data collection and reporting were required by OCR, and compliance reviews were conducted based on these data. Such oversight is no longer available at the federal level, since states automatically receive funds and useful data are rarely collected.

Members of the Coalition are also very concerned with recent funding reductions in OCR. The U.S. Commission on Civil Rights noted that OCR's 31 percent decrease in spending power between fiscal years 1980 and 1982 could result in :

> decreased compliance reviews and technical assistance restrict monitoring, and perhaps aggravate deficiencies which are so serious the OCR faces a possible contempt ruling for failing to carry out its [court-ordered] responsibilities.

This expectation is of particular significance with regard to the block grant. State and local officials assuming new civil rights responsibilities must be properly trained in civil rights laws and procedures. The knowledge and expertise of federal OCR staff cannot simply be forfeited, without any consideration of the abilities of state and local officials. However, our investigations indicate that this is exactly the case in many areas. State and local officials with no experience and training have been given responsibility for resolving civil rights violations. As a result, members of the Coalition fear that many civil rights issues are not being identified or addressed under the block grant.

Finally, we are concerned with a recent major policy change in the Department of Education: OCR staff have been instructed to determine whether the educational program involved in a discrimination complaint receives direct federal funding. This policy was instituted as a means of decreasing the backlog of complaints currently filed with OCR and is a dramatic change in previous OCR policy. The ramifications of this new policy in relation to the block grant are extremely serious. Given the general purpose nature of the Education Block Grant, it will be almost impossible to prove that federal funds were used to finance a particular activity. Earlier this year OCR officials felt that the dilution of block grant funds in many activities at the local level would make it easier to claim federal jurisdiction in a civil rights complaint. However, the institution of this new policy might make civil rights enforcement impossible under the block grant. Therefore, even if a serious civil rights violation were identified in a school district receiving block grant funds, and using them for general purposes, it might prove impossible to rectify the discriminatory problems because the federal government would be unable to prove that a particular activity was funded with block grant monies.

RECOMMENDATIONS

In closing, the Coalition would like to offer a few recommendations for the Subcommittee's consideration:

- Support legislation to re-establish the Emergency School Aid Act as a categorical program, rather then as part of the Education Block Grant, to assure that school districts seeking to institute desegration plans will have the funds necessary to do so.
- Clarify Congressional intent with regard to the development of state distribution formulas which are "reasonably calculated to produce an equitable distribution of funds," by specifying the importance of "high-cost" factors.
- Require that data be collected at the state and local levels which indicate how funds are being spent, and who is being served by the programs;

- Ensure that states comply with federal civil rights laws and actively monitor nondiscrimination protections by:
  - Requiring the collection of data required by federal Title VI regulations to demonstrate that monies are being spent in a nondiscriminatory manner;
  - Provision of increased training and technical assistance to state and local officials responsible for civil rights compliance; and
  - Monitoring policy decisions at the Department of Education's Office of Civil Rights which directly or indirectly, affect block grants.

Mr. Weiss. Thank you very much, Ms. Orum.

Because I really would prefer to have the testimony and the witnesses speak for themselves, I'm going to pass my questioning opportunity at this point and I'm going to yield to Mr. Walker.

Mr. Walker. Do you see the ESAA period from 1972 on as being an effective period in terms of desegrating our school systems, particularly our major urban school systems that seem to be the focal point of this hearing.

Mr. Tatel. It depends on which part of the country you look at. I think the period of the 1970's was quite successful in the South. The percentage of children who are now attending segregated schools has been reduced dramatically in the South.

Mr. Walker. Primarily under court order, right?

Mr. Tatel. Pardon me?

Mr. Walker. Primarily under court order.

Mr. Tatel. Primarily under court orders; that's correct. In the North, the success rate is not nearly as great. In fact, in some parts of the country, it's fairly dismal.

I think the reasons for that are not because of the presence of the Emergency School Aid Act, but rather because during the 1970's Federal efforts to desegregate schools in the North were pretty much halted.

Mr. Walker. Well, but the point being, that the money under ESAA was being provided for desegregation activities in the very school districts that we are going to have represented before us in the hearings today and what you're telling me is it was a miserable failure——

Mr. Tatel. No——

Mr. Walker [continuing]. Is that this money, in fact, resulted in, according to the most recent studies, more segregation of northern urban school districts. We have evidence that over the last 10 years, the northern school districts have become more segregated, not less segregated.

Mr. Tatel. That's true.

Mr. Walker. And this is during the period that we are putting the money in. Now, you testified here a few minutes ago that you would not want to see the school districts brought under legal mandates. I share that concern, but the fact is, that's the one place where we have been able to achieve some real desegregation.

You just said that the court-ordered desegregation in the South was a successful period, or the successful location during the 1970's. My point is that if you're correct, that the basic civil right that people have is an educational civil right—and I tend to agree with you—then wouldn't it be better to have this money in a way that local school districts could use it to assure that the children are learning to read and write and use math and all of these things that are going to form the basis for giving them equal opportunity in society, rather than devoting it to a desegregation effort which is an unmitigated failure?

Mr. TATEL. Well, first of all, I don't think it's an either/or situation. In fact, if you look at the report of the National Commission on Excellence in Education, which you yourself quoted, that report says that the effort in this country to improve educational quality should not be undertaken at the expense of minority or other disadvantaged children.

My point here is that both can be done at the same time. The Emergency School Aid Act is one element in making school desegregation successful. School desegregation is a very complicated, difficult task, which requires the participation of many different elements of government; it requires complicated programs; it's not easy to do, and the Emergency School Aid Act is one element that can be quite successful.

My point is that these funds are critical to making desegregation work. We need to do many other things to make desegregation work. I'm not here to tell you——

Mr. WALKER. But the point——

Mr. TATEL [continuing]. That reenactment of the Emergency School Aid Act will solve the problem, but I am here to tell you that quality education in this country means both high-quality education and equal educational opportunities.

Mr. WALKER. But the point is, we tried for 9 years to make desegregation work with an ESAA-type program and it did not work. You admit that it did not work and my point is that if you are going to get some real civil rights for minority Americans—and I do think that that's where the concentration should be—if that's what we're going to get, then doesn't it make some sense that what you do is give them a chance on the opportunity ladder and they're not going to have that chance if you don't give them basic educational skills: reading, writing, math and all those things that are going to give them an opportunity to get a job at some point.

It seems to me that to transfer money away from a program that isn't working to something that might work is at least moving in the right direction.

Mr. TATEL. Let me go back to what I said. You said it wasn't working; I didn't. I said that school desegregation worked effectively in the South. It worked dramatically well in the South, and I would suggest to you that most of the big school districts in the South that were successfully desegregated were desegregating partially with the help of Emergency School Aid Act assistance.

Now the reason it didn't work in the North was much more complicated than the presence or absence of funds under the Emergency School Aid Act. It had to do with the absence of Federal Government enforcement; it had to do with the fact that Northern cases are more difficult to prove than Southern cases; and it also had to do with the fact that many fewer Northern school districts applied for ESAA assistance than in the South.

I believe, Congressman Walker, that the overall experience of the Emergency School Aid Act was a success. Now that doesn't mean there weren't failures in places; there were, but the overall program was successful and my point here this morning is that Federal funds for desegregation are a critical element in improving overall educational quality in this country.

Mr. **Walker**. Well, I don't think that anybody would contend—and I certainly don't—that one program could result in desegregation. My only point was to say that during the period of time when ESAA was supposedly doing all these good things, the fact is that the school districts are becoming more segregated, not less segregated, and maybe it was time to try something new.

It's obvious that you have a far more complicated set of problems than one program aimed at providing some help could resolve. The very fact that you have complicated problems means that each local area probably needs to have some discretion and some flexibility to make decisions of their own about how you solve those complicated problems. That's what the block grant gives the local school districts the ability to do; to take a look at their own local situation and work out programs that meet the complications of their own local situation.

Programs directed out of Washington don't tend to do that, and as a matter of fact, lock in problems that result in the kind of increased segregation that we've seen tragically in many of our urban centers.

Mr. **Tatel**. Mr. Walker, ESAA does precisely what you want it to do. It is not the kind of program that directs the activities of local school districts. To the contrary, it provides funds for program development by local school districts. It allows school districts to develop desegregation programs unique to their circumstances and makes sure that adequate funds are available to carry them out. The only different between ESAA and the block grant is that ESAA insures that the funds are, in fact, used for desegregation.

Mr. **Weiss**. The gentleman's time has expired.

Mr. Conyers.

Mr. **Conyers**. Yes, how much time did he use? I want about the same amount of time——

Mr. **Weiss**. Five minutes.

Mr. **Conyers**. That was 5 minutes?

Mr. **Weiss**. Right.

Mr **Conyers**. OK.

You know, it's ironic, ladies and gentlemen, that we come here debating innocently whether categorical has been better than block grants, or whether block grants have harmed the plight of the poor and the black school child. To me, without even having looked at the testimony, I've been getting the answer back from my own experience, from all the teachers, from everywhere else, that the administration has innocently been hurting untold hundreds of thousands of youngsters in their education, particularly the black and the poor, by this incredible system of block grants.

The money alone tells you the story. Less than $483 million in block as opposed to $1½ billion in categorical. I mean, even if we did all of the right things, we still would be short of so much money, so if I can skip all of the analysis and assume that this just backs me up in ways that I have not had a chance to bring in my expertise on. The question is, what are we to do now?

How do we get out of this. We've got—and I'd like you to spend the rest of the time telling me about it because we've got—one, the general problem, but we've also got a particular problem where our appropriations process wipes out our authorizing committee. In the real world, unless we're just going to have a nice academic discussion here for the record—we have our appropriating arm undoing what our education authorizing arm is doing.

It looks like that might be one of the key problems that sooner or later we will get into in the course of these all-important hearings.

So you talk to me.

Ms. **Orum**. You're asking us what our recommendations are for what the committee should do about this?

Mr. **Conyers**. Yes, that's why we're here.

Ms. **Orum**. OK.

We submitted several recommendations in terms of helping to strengthen the ability of States to devise formulas that target money toward high-cost children. Even States that have tried to target formulas, funding formulas that would target funds somewhat to reach the high-cost children.

For example, California, which tried to do that——

Mr. **Conyers**. OK, that's one suggestion and it's in your testimony. You made the point; I think you're quite right. Can we get some more ideas?

Ms. **Orum**. Mr. Tatel.

Mr. **Tatel**. One is that the Emergency School Aid Act was an effective statute. That act has been reenacted by this House and is pending in the Senate. I think the problems I was addressing can be resolved by passing that legislation and having it signed into law.

With respect to chapter 1, my view is that the predecessor, title I, was also an effective statute. The reports of the Secretary of Education himself in this administration showed that children who were receiving title I funds were, in fact, improving their reading the math skills and that it was attributable to that program.

That improvement came about only after a number of years of experimentation with the program and the insistence by the Department of Health, Education, and Welfare that those funds be spent on the children for whom they were intended.

The problem with the chapter 1 program now is that many of those restrictions have been relaxed so I would suggest to you that the appropriate way here is through legislation; make sure that the Department of Education is required to funnel those funds to children for whom the funds are intended and for whom the record of title I demonstrates can be quite effective.

Mr. **Weiss**. The gentleman's time has expired.

Mr. Levin.

Mr. **Levin**. Mr. Chairman, I think I'll withhold my questions on these important matters until we hear from at least another panel. I noticed that we have nine panels——

Mr. **Weiss**. That's right.

Mr. **Levin**. Thank you.

Mr. WEISS. Good observation.

Mr. MacKay.

Mr. MACKAY. Mr. Chairman, I'll withhold my questions at this time and I'd like to reserve the time so it doesn't get away somewhere. I have a great interest in this, but I do not have any questions.

Mr. WEISS. Fine, thank you very much.

Mr. McCandless.

Mr. MCCANDLESS. Thank you, Mr. Chairman. I apologize for my tardiness. We had five members of the House of Lords of the British Parliament this morning for breakfast and it was a little difficult to get away because of the intensity of the conversation.

I find myself possibly going from the British frying pan into the Weiss fire here. I must say in all candidness, my views are diametrically opposed to those of the chairman in his opening remarks in that block grants have been successful in my part of California. They have served the purpose for which they were intended. They have, to a degree, untied the hands of local school districts and given them an opportunity to respond to what I consider the basic reason for the educational system, and that is to produce individuals that can function in today's society.

With those comments, I think I will reserve the rest of my time to a later date when we have other panel members that I can zero in on more effectively.

Mr. WEISS. I thank the gentleman for his participation and welcome him to the subcommittee. I apologize for not having noticed his arrival.

Mr. MCCANDLESS. I have made a mental note of this.

Mr. WEISS. Right.

The gentleman from Michigan had commented earlier about the process which presents a problem to us; that is, the appropriation process overriding the authorizing process. Of course, in this instance, that problem had been further exacerbated by the fact that this whole series of block grants was adopted, neither by the authorizing committees, nor the appropriating committees, but was part of a floor amendment offered to the Omnibus Budget Reconciliation Act of 1981, that monster piece of legislation covering the entire range of the Federal Government, with no hearings of any kind at all, so Congress never really passed intelligent judgment on this particular proposal which we now have incorporated into law.

I do want to thank you both for your testimony. It was important and will be considered by all those who are interested in what has been happening as far as educational changes are concerned.

Thank you very much.

Our next panel is comprised of Dr. Michael Casserly, director of legislation, the Council of the Great City Schools; Mr. Tom Rosica, executive director of Federal programs, Philadelphia public schools; Jeff Simering, legislative liaison, Chicago public schools; Dr.—I think that Mr. MacKay has a witness whom he might like to introduce, Dr. Leonard Britton—Olaf Kvamme, director of community and governmental relations, Seattle; and I know that there is a panelist from Detroit whom our distinguished friend from Michigan would like to introduce.

Mr. MacKay.

Mr. MacKay. Thank you, Mr. Chairman. It's my pleasure to introduce Dr. Leonard Britton, the superintendent of the Dade County public school system in Florida. Dade County, Miami, is by far the largest public school system in Florida. I believe you're number four in America.

Dade County is considered in Florida to be quite an experiment. Much of the burden of Federal policy lapses has fallen upon the Dade County school system. The language problems are only one of the many problems that exist in Dade County.

Dr. Britton has been an outstanding leader for a number of years in working on these problems. We think the experiment is succeeding. I think his testimomy here as to the impact of Federal policy or nonpolicy will be of great interest and we are very pleased to have you, Dr. Britton.

Mr. Weiss. Thank you, Mr. MacKay.

Mr. Conyers.

Mr. Conyers. I'd like to introduce Dr. Herschel Fort, who's our Federal man in the Detroit public school system. He's been holding down this job for quite awhile and has been serving us well. We look forward to his testimony. The thing I want to put in the record is that we were school chums and we both are products of the Detroit public school system, lived to tell the tale, and also are now hopefully building it up over and beyond when we ourselves were children.

Welcome, Herschel.

Mr. Weiss. Thank you.

Mr. Levin.

Mr. Levin. If I might, since I also have the privilege of representing——

Mr. Weiss. Oh, of course, right. My apologies——

Mr. Levin. No, no, not at all, not at all.

I want to doubly introduce and doubly welcome Dr. Fort to the committee. I also want to say, if I might, just a couple of things. I feel especially badly, Mr. Chairman, that this morning I'm involved in another hearing. It also relates to children. It's the Subcommittee on Children, Youth and Families, and so I am shuttling back and forth. I'm going to try very much to somehow keep track of this and I'll be back.

Could I say one thing? I'll take 30 seconds of the 5 minutes that I intended to reserve.

Mr. Chairman, as I understand it, we're not arguing block grant programs in general today. We're talking about, as I understand it, a particular block grant program relating to previous categorical programs and I think, looking over this roster of witnesses, that we have an unusually interesting and talented group of people who can enlighten this subcommittee and the committee and Congress about how particular programs are working or not working.

I would just hope that we're not going through the motions here—I don't think we are—that all of us on this subcommittee will listen, not only with eagerness, as I'm sure we will, but with some kind of openmindedness about how—what kinds of problems there are with this set of programs.

I'm a bit disturbed as I come in here and we sometimes seem to stake out programs and then look for witnesses to substantiate our preordained position. All of us have feelings—I do, too—about block grant programs, and some strong ones, but we're here today to see how, in this vital area, particular programs are working or not working.

We've called together—what, we have 25, 20 witnesses here to enlighten us—and I hope we'll let them enlighten us.

Thank you.

Mr. WEISS. Thank you very much, Mr. Levin.

Again, let me indicate to the panel that all of your prepared statements will be entered into the record in their entirety without objection and if you can each limit your testimony to no more than 10 minutes, it will help us to move more expeditiously.

Dr. Casserly.

STATEMENT OF MICHAEL CASSERLY, DIRECTOR OF LEGISLATION, THE COUNCIL OF THE GREAT CITY SCHOOLS

Mr. CASSERLY. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, I am Michael Casserly, director of legislation for the Council of the Great City Schools. On behalf of the council, I would like to thank you for this opportunity to testify on this important issue of education block grants.

As the chairman knows, the council is an organization comprised of 32 of the Nation's largest urban school systems. The council's membership serves approximately 32 percent of the Nation's black children, 27 percent of the Hispanic, and 21 percent of the Asian-origin children. Almost one-third of our enrollments are of children who reside in single-parent families receiving public assistance, and over half receive a free or reduced price lunch daily.

Mr. Chairman, with your permission, before I begin, I would like to indicate that—I'd like to make a technical change in my written testimony on the tables on pages 3 and 13 concerning the fiscal year 1983 appropriations for the chapter 2 block grant. Rather than $483 million, it should read $450 million.

Mr. WEISS. Without objection, that will be done.

Mr. CASSERLY. Thank you, Mr. Chairman.

Mr. Chairman, I would like to restrict my testimony this morning to two related aspects of the the chapter 2 block grants: The effects of the distribution of the block grant funds on large city school systems; and the response of the Department of Education to the distributional inequities that emerged.

First, I would like to address the issue of the distribution of the chapter 2 funds since this issue has often raised the most controversy. The first half of my written testimony summarizes some of the historical and technical points that undergird chapter 2 and how funds under the program were to be distributed.

Mr. Chairman, in general, urban school systems have been hurt very badly by the chapter 2 block grants. The average loss of funds in the council member districts has been approximately 41 percent between fiscal years 1981 and 1982 and almost 60 percent between fiscal years 1980 and 1982.

The factor that created the greatest funding loss to urban areas is the consolidation of the Emergency School Aid Act, as you heard in the previous testimony. I refer the chairman and the members of the subcommittee to our chart on page 13 which shows losses to individual school systems compared to the national average.

The total national loss was approximately 12 percent between fiscal years 1981 and 1982, and approximately 38 percent between fiscal years 1980 and 1982. So while the greatest overall drop in Federal funding occurred between fiscal years 1980 and 1981, the greatest decrease in city schools came between fiscal years 1981 and 1982.

The city share of the national appropriation for the antecedent programs dropped from 21 percent in fiscal year 1980 to approximately 13.6 percent in fiscal year 1982. While the Nation at large took a fairly enormous cut, someplace between 35 and 40 percent, city schools systems lost almost twice that much money in the 2-year period.

Despite the corrections made in State formulas for high-cost children, those corrections were not sufficient to offset urban losses on average, especially when funding for private schools were accounted for. Again, high-poverty innercity school systems do little better on average under the block grant than high-wealth districts do.

While losses in general to urban districts approach 60 percent over the first 2 years of the Reagan administration, losses to a select number of districts have been much more severe. For example, the Cleveland public schools lost 92 percent of their antecedent funding between fiscal years 1980 and 1982. Columbus lost 87 percent of their funds in those 2 years. Milwaukee lost 68 percent; Oakland, 67 percent; St. Louis, 90 percent; Seattle, 87 percent of their antecedent funding in 2 years.

Some districts were able to tap their State's 20-percent discretionary funds, but by and large, these extra dollars were in amounts that were too small to offset the losses on average.

The harm that has been done to the city school districts because of these losses has been severe. Enormous curtailments have been made in the purchase of instructional materials, teacher training, extracurricular activities, parental involvement. The largest cutbacks, however, involve federally sponsored desegregation activities like voluntary magnet schools that had been funded under the Emergency School Aid Act.

What appears to be happening is that urban school systems have had to devote their entire block grant funding to desegregation activities, and have had to forgo activities in other antecedent areas.

The current trend to use chapter 2 funds to buy computers and other instructional technology is not evident in the cities as it is elsewhere. Ironically, much of the chapter 2 funds that city schools spend on behalf of private schools is spent on computers. Not only has the cost of desegregration been seriously harmed in the cities, but the move to increase high-tech training in the cities is beginning to lag behind the Nation at large as a side effect of the block grants.

Mr. Chairman, I would also like to address my testimony to the administration's response to the problems that I've just outlined. In general, Mr. Chairman, that response involves more of an effort to deny the problem, to refute the facts, to oppose corrective action, and to deny responsibility than to do anything constructive about the situation that I've outlined.

The administration's response in short, Mr. Chairman, can be characterized as a stonewall. Mr. Chairman, I have attached a series of letters to my testimony in support of my contention.

Mr. WEISS. Without objection, all of those letters will be entered into the record.

Mr. CASSERLY. Thank you, Mr. Chairman.

Chapter 2 was passed, as you indicated before, in July of 1981 as part of the Omnibus Budget Reconciliation Act without a single markup or day of hearings. Not only was the law drafted ambiguously, but there was little legislative history to guide its implementation.

The only explicit responsibility that fell to the Secretary of Education vis-a-vis the State's distribution of funds involved his approving State criteria for adjusting formulas based on their reasonableness. The only other guidance provided came in the Senate committee report that indicated that factors relating to school desegregation were to be included as a needs factor in the distribution of funds.

As previous testimony indicated, only five to six States actually included school desegregation as a factor in its Statewide formulas. While not binding, the Senate language provided the Department of Education with some guidance on how to define reasonableness in terms of State formulas, and an opportunity for some sensitivity on the desegregation issue.

In the fall of 1981, State advisory councils were beginning to form to begin the process of devising formulas by which to distribute the funds.

In January of 1982, The Council of the Great City Schools published an analysis of the fiscal year 1982 and fiscal year 1983 budget proposals of the Reagan administration that estimated losses under chapter 2 block grant would exceed 75 percent on average in the city schools. At that time, it was becoming apparent that the State formulas that had been devised up to that point were going to be very harmful to city school systems.

By March of 1982, between 15 and 20 State formulas had been sent to the Secretary of Education and approved. However, the Department had published draft regulations governing chapter 2 on February 12 and had begun the approval of formulas before all public comments on these draft regulations were due on April 13. It was clear that the Department was uninterested in any public comment on these formulas.

The draft regulations themselves made no mention of this in the report language and provided no other guidance to States on how to distribute funds. At the Department's first national conference on block grants on March 28-30, 1982, no further guidance was provided to States.

On July 29, the Department issued final regulations on chapter 2 with no additional guidance other than that provided in the law. These final regulations were subsequently withdrawn over another issue.

During the spring and summer of 1982, a number of States attempted to mitigate the losses to urban districts by proposing hold-harmless factors for those school districts with Emergency School Aid Act grants. The only two State formulas that were rejected by the administration were those in New York and California, which attempted to protect the cities by grandfathering ESAA grants.

On July 2, 1982, the Council and the Lawyers' Committee on Civil Rights wrote to Secretary Bell voicing our concern for how the formula approval process was proceeding and asking for a moratorium on additional approvals. As part of their applications to the Department, only six States had submitted any kind of analysis showing the effect of their formulas within the State. With that little information, it was clearly impossible, from our point of view, for the Secretary to judge the reasonableness of any State's submission on anything but superficial grounds.

Certainly, the Congress would not decide on a formula for any of its programs without first looking at its distributional effects, but that is exactly what the Secretary of Education did. In addition, the U.S. Commission on Civil Rights, which I understand will testify later today, wrote to Secretary Bell on August 20, 1982, expressing the same concerns raised by the Council. The letter notes, and I quote:

> * * * As we understand it, the Department's approval process did not ensure that the limited statutory criteria were satisfied. . . . We have been told that Department staff could not evaluate formulas by this standard without considerable data, which the States were not required to provide. They, therefore, decided to trust State's targeting and required only those formulas include a per pupil and high-cost factor, however defined and weighted.

The obligation of funds under chapter 2 began in July of 1982. Shortly thereafter, the Council and the Lawyers' Committee met with Under Secretary of Education Gary Jones about the issue and at that time, we were assured that the Department of Education would take a new look at including guidance in the new final regulations which were to be issued later that fall.

On November 19, final regulations were issued containing no additional guidance over and above the statute.

In December of 1982, there was an attempt by a number of interested Congressmen and Senators to appropriate $65 million in supplemental funding as part of the fiscal year 1983 Continuing Resolution to help school districts that had multiyear commitments from the Department of Education under the Emergency School Aid program. The Department of Education opposed that small effort to remedy the problem.

Not until January 31 did the Council and the Lawyers' Committee Under Civil Rights receive a written response from its July 2, 1982, letter, 6 months later and well into the school year. The letter simply states that the matter is now the responsibility of the States and "nothing in the law requires the Department of Education to promulgate enforceable standards."

In the meanwhile, the House and Senate Authorizing Committee passed legislation for technical corrections under the Education Consolidation and Improvement Act. Language in the reports for both House and Senate reports says that it is the intent of the committee that State chapter 2 distribution formulas provide adjusted allocations to LEA's with only the greatest numbers or percentages of high-cost children, rather than spreading the money out all across the States.

On March 28, the Council and Lawyers' Committee submitted detailed recommendations to the Secretary of Education on just the nonbinding guidelines and the Department of Education's block grant policies.

Not until June 13 was a response by the Secretary received, and that letter describes why none of the recommendations can be implemented.

On March 10 of this year, the Secretary of Education wrote to chairman Carl Perkins of the House Education and Labor Committee of the Department's opposition to reinstitute any version of the Emergency School Aid Act.

Finally, Mr. Chairman, the final nonbinding guidelines for chapter 2 were released in July of this year. Rather than following committee report language under the technical amendments bill, asking for targeting of chapter 2 funds, the Department simply says that that targeting is optional.

Again, the responsibility is turned over to the States and the Department has refused to provide any basic kinds of guidance on this act.

Mr. Chairman, this administration's concerns for civil rights and fairness in elementary and secondary education are every bit as much of a sham as its apparent concern for women.

The Department of Education has repeatedly failed to address one of its most serious policy problems, despite repeated prodding and opportunities. It has taken the Department 2 years since the passage of chapter 2 to assemble even the smallest bit of data on this issue. The Department and the Secretary have had numerous opportunities, including two versions of the final regulations, nonbinding guidelines, directives to States, corrective legislation, to remedy this issue. But it has failed at every turn.

While the Department would argue that the legislation does not require any specific action, we would argue that it does not prohibit them from taking it. It has always been, and remains today, the responsibility of the Federal Government to insure the civil rights of schoolchildren and to assist the neediest amongst us.

In our judgment, Mr. Chairman, the Department has reneged on that responsibility.

Thank you very much.

[The prepared statement of Mr. Casserly follows:]

Testimony on the Department of Education's
Implementation of the Chapter 2 Block
Grants

Presented to
The Subcommittee on Intergovernmental Relations and Human Resources
of the
Committee on Government Operations
U.S. House of Representatives

by
Michael Casserly
The Council of The Great City Schools

September 20, 1983
Washington, D.C.

Testimony on The Department of Education's Implementation of the Chapter 2 Block Grants
by the
Council of The Great City Schools

Mr. Chairman and members of the Subcommittee, I am Michael Casserly, Legislative Associate for the Council of the Great City Schools. On behalf of the Council I would like to thank you for this opportunity to testify on the important issue of education block grants and how the Department of Education has implemented them.

As the Chairman knows, the Council is an organization comprised of 32 of the nation's largest urban school systems. On our Board of Directors sit the Superintendent and one Board of Education member from each district, making the Council the only national organization so constituted and the only education group whose membership is solely urban.

The Council's membership serves over 4.2 million children, or about 11% of the nation's public elementary and secondary school enrollment. Approximately 32% of the nation's Black children, 27% of the Hispanic children, and 21% of the Asian-origin children are being educated in our 32-member systems. Almost one-third of our enrollments are of children who reside in single-parent families receiving public assistance, and over half receive a free or reduced priced lunch daily.

Mr. Chairman, I would like to restrict my testimony this morning to two related aspects of the Chapter 2 block grants: the effect of the distribution of block grant funds on large city school systems and the response of the Department of Education to the distributional inequities.

First, I would like to address the issue of the distribution of the Chapter 2 funds since it has often raised the most controversy. Chapter 2 of the

Education Consolidation and Improvement Act (ECIA) was passed in 1981 as part of the Omnibus Budget Reconciliation Act (PL 97-35, Title V, Subtitle D), and was done so without hearings or markup sessions. The actual consolidation of funds involved approximately 30 special purpose programs, including the Emergency School Aid Act (ESAA) and Title IV-B of ESEA.[1] Funding under the antecedent programs totaled $724m in FY80 (the 1980-81 school year) and $510m in FY81 (1981-82 school year). Appropriations for FY82 (1982-83 school year) under the first year of Chapter 2 amounted to $450m and the FY83 Continuing Resolution will provide $450m for the new 1983-84 school year[2] (see Table 1). The largest drop in the federal appropriations occurred between FY80 and FY81, the year before the block grant was fully implemented in 1982-83.

Funding under Chapter 2 (Section 563) is distributed to states on the basis of each state's share of the national school-age population, with standard provisos for territories and small states. Section 565 of the law provides the authority for distributing these funds within SEAs to local education agencies (LEAs), and it states:

> "Sec. 565(a) from the sum made available each year under Section 563, the State Education Agency (SEA) shall distribute not less than 80 per centum to local educational agencies within such state according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child such as -
>
> (1) children from low-income families,

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[1] Consolidated programs include Titles II-VI, VIII, and IX of ESEA; Teacher Corps and Teacher Centers under the HEA; Precollege Science Teacher Training under NSFA; Alcohol and Drug Abuse Education Act; and the Career Education Incentive Act.

[2] Funding amounts exclude a 6% set-aside for the Secretary of Education's discretionary fund.

(2) children living in economically depressed urban and rural areas, and

(3) children living in sparsely populated areas.

(b) The Secretary shall approve criteria suggested by the State Educational Agency for adjusting allocations under subsection (a) if such criteria are reasonably calculated to produce an equitable distribution of funds with reference to the factors set forth in subsection (a).

(c) From the funds paid to it pursuant to sections 563 and 564 during each fiscal year, the State Educational Agency shall distribute to each local educational agency which has submitted an application as required in section 566 the amount of its allocation as determined in subsection (a)."

Table 1 Budget Trend For Chapter 2 Block Grant

Fiscal Year	Program Year	Appropriations	% Change from FY80
1980	7/80 - 9/81	$724m[a]	NA
1981	7/81 - 9/82	510m[a]	- 29.6%
1982	7/82 - 9/83	450m	- 37.9%
1983	7/83 - 9/84	450m	- 37.9%

a, Funds provided under antecedent programs

The law gave a great deal of latitude to states for the distribution of these funds. The result was a wide variety of state-developed formulas. Most states did, in fact, design distribution formulas that--on their face--adjusted dollars upward to account for "high cost" children. Adjustments were made in various states on such factors as tax effort; population sparcity; and numbers of low-income, limited English proficient, racially isolated, gifted and talented, handicapped, delinquent, low achieving and other high-cost children. The great bulk of the funds, however, were distributed on a "per child" basis. Thirty states, as a matter of fact, distributed at least 70% of the LEA portion of their Chapter 2 funds on the basis of the number of children in each district. Even with the adjustments made for high-cost children, the effect of distributing so much of the funding on a per child count resulted in substantial decreases in dollars for many city districts.

The factor that created the greatest funding loss to urban areaswas the consolidation of ESAA into Chapter 2. ESAA received an appropriation of approximately $241m in FY80 or about 33.3% of the Chapter 2 antecedent programs, and $149m in FY81 or about 29.2% of the antecedent programs. ESAA represented approximately 66.4% of the antecedent programs, however, in the urban districts represented by the Council of the Great City Schools in FY80 and about 60.6% in FY81. Stated differently, urban districts (comprising the Council) garnered about 37.4% of the national ESAA appropriation in FY80 and about 37.5% in FY81. Clearly, funding under ESAA benefitted urban districts disproportionately--as one might expect given the purposes of the program. Its consolidation under Chapter 2 resulted understandably in inordinately large funding decreases to districts receiving large ESAA grants in the past. Only six states that we know of used some type of desegregation factor in calculating their Chapter 2 formulas, although 43 states had benefitted from the ESAA program the year before.

The average loss in the Council districts was about 41% between FY81 and FY82, and about 60% between FY80 and FY82.[1] The total national loss was approximately 12% and 38% over the same spans of time (see Table 2). So, while the greatest overall drop in federal funding occurred between FY80 and FY81, the greatest decrease for city schools came between FY81 and FY82. The city share of the national appropriation for the antecedent programs dropped from 21.0% in FY80 to 20.2% in FY81 to 13.6% in FY82. For the two years prior to the block grant the urban districts garnered about the same proportion of the antecedent programs as they do under Chapter 1 (ECIA)--which corresponds roughly to the cities' share of the national enrollment. Despite the corrections made in state formulas for "high cost" children, those corrections were not sufficient to off-set urban losses--on average--especially when funding for private schools are accounted for. Again, high poverty inner city school districts do little better, on average, under the block grant than high-wealth districts.

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[1] These estimates are updated from an analysis prepared by the Council in February, 1983, in a report titled "Trends in Federal Funding to Urban Schools". The report was the subject of a Department of Education-sponsored analysis by Advanced Technology, Inc. That report concluded that initial Council estimates of losses were overestimated. Figures in Table 2 have been updated from more recent data to reflect the Advanced Technology report and to reflect private school funds which were not accounted for by the Advanced Technology data.

These findings appear to be confirmed by studies done by the American Association of School Administrators, the General Accounting Office (GAO), Advanced Technology, Inc., the National Institute of Education, and the Urban Institute.

While losses in general to urban districts approached 60% over the first two year period of the Reagan administration, losses to a select number of districts were much more severe. For example, the Cleveland Public Schools lost 92.0% of their antecedent monies between FY80 and FY82; Columbus lost 86.8%; Milwaukee, 68.4%; Oakland, 67.1%; St. Louis, 90.4%; and Seattle, 86.8%. Some districts were able to tap their states 20% discretionary funds, but by-in-large these extra dollars were in amounts too small to off-set losses. Other cities, however, showed modest (relative to the national average) losses and in some cases gains. These districts were ones which had small or no ESAA funds prior to Chapter 2, were in states that received above-average gains in Chapter 2 funds, or in the unusual case of Dade County, received large off-setting discretionary grants. Of the 32 systems in our membership, only 8 or 25% received funding gains that were in excess of their respective state's gain, or losses that were smaller than their state's.

The harm that has been done to districts with large losses has been severe. Enormous curtailments have been made in the purchase of instructional materials, teacher training, extra-curricular activities, and parental involvement. The largest cutbacks, however, involve federally-sponsored desegregation activities like magnet schools that had been funded under ESAA. What appears to be happening is that urban schools have had to devote their entire block grant funding to desegregation-type activities and have had to forego activities in all other antecedent areas. The current trend to use Chapter 2 funds to buy computers and other instructional technology is not evident in the cities as it is elsewhere. Ironically, much of the Chapter 2 funds that city schools spend on behalf of the private schools is spent on computers. Not only has the cause of desegregation been seriously harmed in the urban areas, but the move to increase "high tech" training in the cities is beginning to lag behind the nation at large.

Mr. Chairman, I would also like to address the Administration's response to the problems I have just outlined. In general, Mr. Chairman, that response involves more of an effort to deny the problem, to refute the facts, to oppose corrective action, and to deny responsibility than doing anything constructive about the situation. The Administrrtion's response, in short, can be characterized as a stonewall.

Mr. Chairman, I have attached a series of letters to this testimony in support of my contention. As I stated earlier, Chapter 2 was passed in July of

1981 as part of the Omnibus Budget Reconciliation Act without a single markup or day of hearings. Not only was the law drafted ambiguously but there was little legislative history to guide its implementation. The only explicit responsibility that fell to the Secretary of Education vis-a-vis the state's distribution of funds involved his approving state criteria for adjusting formula based on their "reasonableness" in terms of the language in Section 565(a) of the law. The only other guidance provided came in the Senate Committee Report (97-139) which stated:

> "Since funds previously earmarked by school desegregation assistance have been consolidated into this subpart, the Committee expects that recognition of additional costs incurred by efforts to alleviate the isolation of minority group children where appropriate will be included among the needs factors considered in the allocation of funds to local educational agencies". - P. 896.

This report language was particularly important because it was the Senate version of this part of the legislation that prevailed in Conference with the House. While not binding, the language presented the Department of Education with some guidance on the "reasonableness" of state formulas, and an opportunity for sensitivity on the desegregation issue.

In the Fall of 1981, state advisory panels were beginning to form to begin the process of devising formulas by which to distribute the funds. By the close of calendar year 1981 only a handful of state panels had actually met. In January of 1982, the Council published an analysis of the FY82 and FY83 budget proposals of the Reagan Administration that estimated that losses under the Chapter 2 block grant would exceed 75% in the cities, on average, if funds were distributed on a "per child" basis by the states. At that point, only a handful of states had actually sent their formulas to the Secretary for approval, but it was becoming clear from preliminary data that the cities were not likely to fare well under the new block grants.

By March of 1982 about 15 state formulas had been sent to the Secretary and approved. However, the Department had published draft regulations governing Chapter 2 on February 12th and had begun the approval of formulas before all public comments on those draft regulations were due on April 13th. It was clear the Department was uninterested in any public comment on the formulas. The draft regulations themselves made no mention of the Senate report language and provided no other guidance to states on how to distribute funds. At the Department's first national conference on the block grants on March 28-30, 1982, no further guidance was provided to states. Presentations by Department of Education officials made it clear that the decision-making on how to distribute funding was the province of the states. On July 29th, the Department issued final regulations with no additional guidance other than that provided in the law. These final regulations were subsequently withdrawn over a controversy with GEPA

During the Spring and Summer of 1982, a number of states attempted to militate the losses to urban areas by proposing "hold-harmless" factors for those with ESAA grants. The only two state formula proposals rejected by the Administration involved New York and California that had attempted to protect their cities by grandfathering ESAA grants. On July 2nd of 1982, the Council and the Lawyers's Committee for Civil Rights wrote to Secretary Bell voicing our concern for how the formula approval process was proceeding and asking for a moratorium on additional approvals. Our two organizations at that point had been able to obtain the exact applications that states had submitted to the Secretary. As part of their applications to the Department, only six states had submitted any kind of computer run or analysis showing the effect of their formula's within state. With that little information it was clearly impossible for the Secretary to judge the "reasonableness" of any state's submission on any but superficial grounds. Certainly, the Congress would not decide on a formula for any of its programs without first looking at its distributional effects, yet that is exactly what the Secretary did.

In addition, the U.S. Commission on Civil Rights wrote to Secretary Bell on August 20, 1982, expressing the same concerns raised by the Council. The letter notes "...as we understand it, the Department's approval process did not ensure that the limited statutory criteria were satisfied. ...We have been told that Department staff could not evaluate formulas by this standard (provided by the law) without considerable data, which states were not required to provide. They, therefore, decided to trust state's targetting and required only that formulas include a per pupil and a high-cost factor, however defined and weighted."

The obligation of funds under Chapter 2 began in July of 1982 to states with approved applications. On September 9th the Council submitted revised estimates of the funding effects of Chapter 2 to the House Subcommittee on Civil and Constitutional Rights, and met with Undersecretary of Education Gary Jones on the matter--a full two months after requesting a meeting. We were assured that the issue was under study but that the Department had no plans to gather any data to measure the effect of the block grant. We were also assured that the Department would consider additional guidance in the soon-to-be revised final regulations on funding for desegregating districts. On November 19th, final regulations were issued containing no additional guidance over and above the statute.

In December of 1982, there was an attempt by a number of interested Congressmen and Senators to appropriate $65.0m in supplemental funding as part of the FY83 Continuing Resolution to help school districts that had had multi-year commitments for ESAA funding from the Department of Education. This supplemental funding would have assisted only those districts that had been promised ESAA dollars over a two to five year period but had them cut off prematurely by the block grant. The Department of Education opposed this small effort to remedy the problem.

Not until January 31, 1983, did the Council and the Lawyer's Committee receive a written response to its July 2, 1982 letter--six months later and well into the school year. The letter states simply that the matter is now the responsibility of the states and that "nothing in the law requires the Department of Education to promulgate enforceable standards for determining whether state criteria for adjusting the allocations are reasonably calculated to produce an equitable distribution of funds". In the same letter and in correspondence to Chief State School Officers, the Secretary asks for suggestions for a series of non-binding guidelines from the Council and the states.

In the meanwhile, the full House and a Senate Committee pass legislation for technical corrections in ECIA.[1] Both versions contain report language which states "it is the intent of the Committee that Section 565(a) of the Education Consolidation and Improvement Act of 1981 be interpreted such that State Chapter 2 distribution formulas provide adjusted allocations to LEAs with only the greatest numbers or percentages of high-cost children rather than allocations to LEAs with any number or percentages of such children".

On March 28th (1983) the Council and the Lawyer's Committee submitted detailed recommendations to the Secretary on the nonbinding guidelines and the Department's block grant policies. Not until June 13th (1983) is a response by the Secretary received that describes why none of the recommendations can be implemented. At this time we understand that only 28 states have responded to the Secretary's January 31st letter and that most see little problem with the block grants.

---

[1] Education Consolidation and Improvement Act Technical Amendments (Report 98-51).

On May 10, 1983, the Secretary wrote Chairman Carl Perkins of the House Education and Labor Committee of his opposition to reinstituting any version of ESAA. In the letter, the Secretary of Education writes charging that the problem suffered under Chapter 2 has been exaggerated and that solutions are best found at the state level.

The final nonbinding guidelines for Chapter 2 were published by the Department in July 1983. Rather than following committee report language under the technical amendments bill on the targetting of Chapter 2 "high-cost" dollars only to districts with the highest concentration of such children, the Department writes:

> "In implementing this provision, an SEA has a number of options. It may adjust its formula so that any LEA having "high-cost" children receives a higher per pupil allocation than LEAs with no "high-cost" children. The SEA may also adjust its formula so that not all LEAs having "high-cost" children receive higher per pupil allocations". (P. 15)

Again, the responsibility is turned to the states, and the Department has refused to provide the most basic kinds of guidance, and has often ignored the wishes of the authorizing committees.

Mr. Chairman, this Administration's concerns for civil rights and fairness in elementary and secondary education are every bit as much of a sham as its concerns for women. The Department of Education has repeatedly failed to address one of its most serious policy issues, despite the repeated prodding and opportunities. It has taken the Department two years since the passage of Chapter 2 to assemble even the small bit of data that it has. The Department and the Secretary had numerous opportunities--including two versions of final regulations, nonbinding guidelines, directives to states, and corrective legislation--to help remedy this situation, but it has failed at every turn. While the Department would argue that the legislation does not require any more specific action, we would argue that it does not prohibit them from taking it. It has always been, and it remains today the responsibility of the federal government to ensure the civil rights of school children and to assist the neediest amongst us. The Department has reneged on the responsibility.

Mr. Chairman, thank you very much and I will be happy to try and answer any questions.

Table 2 Decline in Funds Due to Chapter 2 and Budget Cuts[1]

School District	FY80 1980-81	FY81 1981-82	FY82 1982-83[2]	FY81-82	FY80-82
Albuquerque	$ 510,000	$ 488,147	$ 488,843	+ 0.1%	- 4.2%
Atlanta	1,630,000	1,300,000	886,168	- 31.8	-45.6
Baltimore	1,705,186	1,176,254	1,426,865	+ 21.3	-16.3
Birmingham	284,114	576,927	450,000	- 22.0	+58.4
Boston	3,332,080	659,003	1,401,493	+112.7	-57.9
Buffalo	6,698,530	7,651,652	1,200,000	- 84.3	-82.1
Chicago	5,820,000	6,784,273	6,358,256	- 6.3	+ 9.3
Cleveland	15,499,068	4,968,874	1,234,187	- 75.2	-92.0
Columbus	5,732,335	3,537,746	758,240	- 78.6	-86.8
Dade County	2,820,046	2,624,959	3,097,906	+ 18.0	+ 9.9
Dallas	3,975,387	2,654,230	1,510,968	- 43.1	-62.0
Denver	1,862,017	784,158	815,948	+ 4.1	-56.2
Detroit	7,304,073	4,530,600	3,800,000	- 16.1	-48.0
Long Beach	190,283	183,386	310,000	+ 69.0	+62.9
Los Angeles	19,817,260	10,458,362	8,077,423	- 22.8	-59.2
Memphis	1,249,441	1,043,532	1,051,279	+ 0.7	-15.9
Milwaukee	8,527,592	7,835,647	2,695,606	- 65.6	-68.4
Minneapolis	700,000	679,371	604,426	- 11.0	-13.7
Nashville	1,035,940	795,675	600,900	- 24.8	-42.0
Norfolk	1,077,959	641,519	500,000	- 22.1	-53.6
New York	21,165,781	14,525,753	11,554,866	- 20.5	-45.4
New Orleans	2,110,699	1,903,758	843,400	- 55.7	-60.0
Oakland	1,007,273	625,937	331,638	- 47.0	-67.1
Philadelphia	8,781,436	5,609,099	3,546,345	- 36.8	-59.6
Pittsburgh	887,135	463,949	737,076	+ 59.1	-16.8
Portland	714,878	686,000	645,000	- 6.0	- 9.8
Rochester	1,565,232	3,076,523	980,000	- 68.2	-37.4
St. Louis	7,798,795	5,131,487	750,000	- 85.4	-90.4
Seattle	7,012,640	4,230,337	923,530	- 78.2	-86.8
San Francisco	2,340,442	1,610,144	1,051,682	- 34.7	-55.1
Toledo	1,693,452	879,592	474,000	- 46.1	-72.0
Washington, D.C.	7,155,121	5,081,817	2,187,360	- 57.0	-69.4
Council Total	$152,004,195	$103,198,711	$ 61,294,305	- 40.6%	-59.7%
National Total	$724,000,000	$510,000,000	$450,000,000	- 11.8%	-37.9%
%	21.0%	20.2%	13.6%		

[1] Sources of data include Council of Great city Schools; Advanced Technology, Inc.; and the Department of Education.

[2] Block grant funds include monies from the basic formula, state discretionary funds, and funds spent on behalf of private schools. Approximately 15% of the $61.3m Chapter 2 funds to cities in 1982-83 were spent for private schools, leaving about $52.1m for public LEAs. If funding for private schools is extracted from all data, total FY80 to FY82 loss to cities is 63.9%.

Summary of Chapter 2 (ECIA) State Formulas by Factor

State	LEA FACTORS							
	Enrollment	Low-Income	Sparsity	Handicapped	Tax Effort	Gifted	Bilingual	Other
Alabama	$ 5,499,531 80.0%	$ 557,953.12 8%	--	--	$137,488 2%	$657,441 10%	--	--
Alaska	$ 524,966 30.0%	$ 437,472 25.0%	$ 437,472 25.0%	$ 349,978 20%	--	--	--	--
Arizona	$ 3,264,882 80%	/Low income: weight .05; low achievers/high achievers: weight .05; small schools: weight .05; school improvement: weight .10/						
Arkansas	$ 3,150,770 90%	/High cost calculated on the basis of local resources including average personal income, assessed valuation, millage rates and miscellaneous factors/						
California	/"Enrollment + desegregation factors(number of students moved for desegregation, number of students involved in court orders, number of magnet school students) + high cost /							
Colorado	$ 3,344,661 80%	$ 710,740 17%	$ 125,424 3%	--	--	--	--	--
Connecticut	$ 1,759,793 39%	$2,711,350 60%	--	--	--	--	--	$32,318 1%
Delaware	$ 1,224,922 70%	$ 174,988 10%	--	$ 174,988 10%	--	$174,988 10%	--	--
D.C.	$ 614,089 35%	/High cost includes handicapped children, low income, bilingual, and special curriculum./						
Florida	/(FTE:adjusted by official state program weights + number of children at or below 25th percentile on most recent statewide compensatory test) x (statutory district cost differential)/							
Georgia	$ 4,348,426 50%	$4,348,426 50%	--	--	--	--	--	--
Hawaii	$ 1,749,888 100%	--	--	--	--	--	--	--
Idaho	$ 1,487,405 85%	$ 174,989 10%	$ 97,494 5%	--	--	--	--	--
Illinois	$11,856,177 70%	$5,081,819 30%	--	--	--	--	--	--
Indiana	$ 7,030,850 83%	$1,270,319 15%	$ 170,001 2%	--	--	--	--	--
Iowa	$ 3,200,240 75%	$ 853,397 20%	--	--	--	--	$213,349 5%	--
Kansas	/FTE: weight 1.0; special education: weight 0.2; Title I: weight 0.5; sparsity: weight 0.2/							

State	LEA FACTORS Enrollment	Low-Income	Sparsity	Handicapped	Tax Effort	Gifted	Bilingual	Other
Kentucky	[Enrollment + high transport costs for sparse LEAs + Title I eligible + high tax/low expenditure rates]							
Louisiana	$5,814,126 85%	$ 684,015 10%	--	--	--	$ 342,087 5%	--	--
Maine	$1,049,932 60%	$ 699,955 40%	--	--	--	--	--	--
Maryland	$5,056,018 90%	[Title I eligible + handicapped]						
Massachusetts	$3,257,345 40%	$4,886,017 60%	--	--	--	--	--	--
Michigan	$8,499,359 58%	--	$ 939,866 6%	--	--	--	--	$2,505,456 (low achieving) $2,509,129 (desegregation)
Minnesota	$5,191,210 85%	$ 610,730 10%	$ 305,365 5%	--	--	--	--	--
Mississippi	$4,017,907 95%	--	--	--	--	--	--	$211,468 5%
Missouri								
Montana	[Enrollment: weight 1.0; low income: weight 2.0; sparsity: weight 0.5; tax effort: weight 1.0]							
Nebraska								
Nevada	[weighted enrollment/state weighted enrollment X LEA pupil support ratio]							
New Hampshire	$ 874,944 50%	--	$ 291,706 16.67%	$ 291,706 16.67%	$ 291,706 16.67%	--	--	--
New Jersey	$3,236,379 30%	$2,157,586 20%	--	--	--	$589,396 5%	--	$2,696,96 (Basic Skills) $2,157,586 (Desegregation)

82

State	LEA FACTORS							
	Enrollment	Low-Income	Sparsity	Handicapped	Tax Effort	Gifted	Bilingual	Other
New Mexico	$1,722,417 70%	$ 738,179 30%	--	--	--	--	--	--
New York	[Enrollment: weight 1.0; half day kindergarten: weight .5; grades 7-12: weight .25; pupils in low wealth districts: weight .35; handicapped: weight ranging from 2.0 to .13; LEP: weight .05; 20% hold harmless on 1980-81 categoricals for first year]							
No. Carolina	$6,186,573 70%	--	--	--	--	--	--	$2,651,388 (School Lunch)
North Dakota	$1,513,756 87%	$ 174,174 10%	$ 61,598 3%	$ --	--	--	--	--
Ohio	[Enrollment: weight 1.0; high tax/low yield: weight 1.5; low income: weight 2.0; sparsity: weight 10.0; special purpose programs: weight 3.0]							
Oklahoma	$3,512,159 80%	$ 219,510 5%	$ 219 510 5%	$ 219,510 5%	--	--	--	$219,510 5% (small schools)
Oregon	$2,595,148 70%	[Low income + sparsity + handicapped + desegregating students + LEP + gifted and talented on an equal per capita basis]						
Pennsylvania	$10,420,200 60%	$6,078,450 35%	$ 868,350 5%	--	--	--	--	--
Rhode Island	$ 1,049,933 60%	[Upper 25% of districts with high concentrations of low income + handicapped + LES]						
South Carolina	$ 3,476,047 70%	$1,489,730 30%	--	--	--	--	--	--
South Dakota	$ 1,574,899 90%	--	$ 87,494 5%	$ 87,494 5%	--	--	--	--
Tennessee	[Enrollment: weight 1.0; high cost (undefined): weight .5]							
Texas	$15,963,929 62%	$3,221,008 20%	--	$1,706,459 10.5%	--	--	$1,222,652 7.3%	$ 34,214 0.2%
Utah	[Enrollment + students in small schools + handicapped + youths in custody + vocational education students + professional staff costs + special purpose programs]							
Virginia	$ 5,111,881 65%	[Low income: weight .698; low achieving: weight .698]						
Vermont	$ 1,049,933 60%	$ 540,009 30%	$ 159,945 10%	--	--	--	--	--

State	LEA FACTORS							
	Enrollment	Low-Income	Sparsity	Handicapped	Tax Effort	Gifted	Bilingual	Other
Washington	$ 2,951,027 50%	$ 882,308 15%	--	--	--	$588,205 10%	$294,102 5%	$1,176,41 20 (racial isolation)
W. Virginia	$ 2,339,132 80%	$ 146,196 5%	--	$ 146,196 5%	--	--	--	$ 292,39 10 (Regional Ed. Service Agencies)
Wisconsin	$ 3,569,241 50%	--	--	--	--	--	--	$3,569,241 50% (high cost)
Wyoming	$ 1,014,932 50%	$ 34,997 2%	$ 34,997 2%	--	$ 594,961 34%	$ 52,496 3%	--	--

THE COUNCIL OF THE GREAT CITY SCHOOLS
1707 H Street, N.W., Washington, D.C. 20006 / (202) 298-8707

July 2, 1982

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Norfolk
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Philadelphia
Pittsburgh
Portland
St. Louis
San Francisco
Seattle
Toledo
Washington, D.C.

The Honorable Terrel Bell
Secretary of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Mr. Secretary:

The Council of Great City Schools, a coalition of the nation's largest urban school systems, and the Federal Education Project of the Lawyers' Committee for Civil Rights Under Law are writing to express concern over Departmental approval of state formulas for distributing Chapter 2 ECIA funds that we do not believe meet the intent of the Chapter 2 statute.

Under the Chapter 2 allocation scheme, State Educational Agencies are charged with the responsibility of devising in consultation with the advisory committee, a formula for distributing at least 80 percent of the state's Chapter 2 funds to the local educational agencies. The statute states in part in Section 565 that these funds shall be distributed:

> (a) ...according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as --
>
> (1) children from low-income families,
>
> (2) children living in economically depressed urban and rural areas, and
>
> (3) children living in sparsely populated areas.
>
> (b) The Secretary shall approve criteria suggested by the State educational agency for adjusting allocations under Subsection (a)

> if such criteria are reasonably calculated to produce an equitable distribution of funds with reference to the factors set forth in subsection (a). (emphasis added)

Clearly, one of the central factors in subsection (a) to be included in each state formula is a measure of the number or percentage of high-cost children in the school district. Congressional intent to have states develop formulas that would favor districts with higher concentrations of high-cost students is further emphasized by the listing of suggested factors a formula could contain in order to carry out the statute's intent.

The legislative history further supports our view that Congress expected funds to flow where need was greatest. Among the factors that Congress additionally pointed to for use in adjusting the basic state formula is past desegregation funding. The Senate Committee Report (97-139) accompanying the Omnibus Reconciliation Act of 1981 (P.L. 95-35) states on page 896:

> Since funds previously earmarked by school desegregation assistance have been consolidated into this subpart, the Committee expects that recognition of additional costs incurred by efforts to alleviate the isolation of minority group children where appropriate will be included among the needs factors considered in the allocation of funds to local educational agencies.

This language is particularly edifying because it was the Senate version of this part of the legislation that prevailed in Conference with the House. Therefore, the intent of the Senate should be looked to by the Department for guidance in developing regulations and in approving state formulas.

Based upon our review of information received from the states describing their formulas, it appears that a number of state formulas have been approved by the Department even though they do not adequately incorporate the criteria described in Section 565 of the statute relating to high-cost students. While all data are not available, it is clear that the formulas approved so far will result in decreasing, by millions of dollars, federal education program funds to inner-city schools and spreading similar amounts of funds across all of the states' LEAs. These were funds that in many cases were made available in the past by the federal government to aid in the school desegregation process, as well as for other special purposes. The school systems in Buffalo, St. Louis, and Milwaukee provide good illustrations of what is occurring. St. Louis City Public Schools, for instance, would drop from $5.2m in categorical monies to about $710,000 in block grant funds.

While we do not dispute the argument that Chapter 2 was intended to increase state discretion in administering the consolidated federal programs, we do not believe Congress intended the result we are beginning to witness. The requirement of Secretarial approval of the formulas; explicit language in the statute mandating formulas that provide more funds to districts having the greatest concentrations of high-cost students; examples in the legislation of relevant formula factors to accomplish this purpose; and the legislative history all point to great Congressional concern that funds be directed on a need basis. Many of the formulas approved simply make no "reasonably calculated" effort to achieve the statutory intent of Section 565. So far as we are aware, most States have not even been required to analyze the results of the formulas they propose, and to present the results of such an analysis to the Department. This is particularly critical in the case of States which have chosen to establish separate funding pools of Chapter 2 money: distributing one pool on a per-pupil or ADA basis alone and another pool on the basis of some high-cost measure. In such a case, if the overwhelming share of the State's Chapter 2 funds are placed in the "per-pupil" or ADA" pool, it would be difficult to conclude fairly that the formula had been meaningfully "adjusted ... to provide higher per pupil allocations (for high-cost children)."

In addition to the concerns raised above, we have serious questions about the process used in approving the formulas. The Department's approval of nearly 20 state formulas prior to the issuance of final regulations of Chapter 2 runs contrary to the purpose of providing public notice of proposed rulemaking and seeking public comment. Approval of these formulas suggests that the Department is not serious about considering the comments made by groups and individuals in response to the February 12, 1982 NPRM.

Because of our concern over both the procedural issues and the impact of formulas we believe to fall short of the legislation's intent we request the following:

1. A moratorium on the review of additional state formulas until final Chapter 2 regulations are issued;
2. Revocation of approval of formulas already submitted until such time that the Department can formulate specific guidelines for distributing Chapter 2 funds within states;
3. Publication of the specific guidelines for state formulas in the Federal Register for public comment; and
4. Publication of submitted state formulas in the Federal Register for public comment.

In addition, we request the opportunity to meet with you to discuss the concerns we have raised and our recommendations listed above. Such a meeting would be beneficial and might avoid future misunderstandings or the possible necessity of litigation.

We look forward to your reply.

Sincerely,

Samuel B. Husk

Samuel B. Husk
Executive Director
Council of Great City Schools

Linda Brown

Linda Brown
Director of Federal Education Project
Lawyers' Committee For Civil Rights Under La

Michael Casserly

Michael Casserly
Legislative & Research Associate
Council of Great City Schools

Norman Chachkin
Deputy Director
Lawyers' Committee For Civil Rights Under La

UNITED STATES COMMISSION ON CIVIL RIGHTS
WASHINGTON, D. C. 20425

STAFF DIRECTOR

August 20, 1982

Honorable Terrel H. Bell
Secretary of Education
Washington, D.C. 20202

Dear Mr. Secretary:

I am writing to express concerns raised by the Department of Education's implementation of Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). Specifically, we are concerned that the Department approved States' allocation formulas without adequate, enforceable standards to ensure equitable distribution of Federal education funds. The formulas apparently will drain funds from inner-city schools, where minority children are concentrated, and drastically reduce support for voluntary desegregation efforts. We also are troubled by the Department's insistence, despite many rebuttals, that the General Education Provisions Act generally does not cover ECIA. These actions, in our view, are not consistent with the Department's responsibilities for protecting individual rights, ensuring proper administration of Federal education programs, and carrying out Federal equal educational opportunity obligations.

In our 1980 report Civil Rights: A National, Not a Special Interest, the Commission expressed general concerns about the new block grant proposals. Noting that existing block grants had not served Federal civil rights interests effectively, the report warned that, without strict, strongly enforced requirements, the education block grant would result in reduced services to students still suffering the effects of segregation. It also suggested that including the Emergency School Aid Act (ESAA) in the block grant could spell the virtual end of desegregation assistance. The Commission repeated these misgivings in February 1982 letters to the President, Vice President, and Speaker of the House of Representatives.

While we cannot yet measure ECIA's overall impact, available data suggest these fears were well-founded. As you know, the Council of the Great City Schools estimates that millions of Federal dollars will be shifted from inner-city schools to schools less in need. This redistribution of Federal aid could undermine Administration policies emphasizing quality education in predominantly minority schools. Other Administration desegregation policies also may suffer because there will be less support for programs that can reduce the need for mandatory reassignments and other court-ordered remedies. For example, assistance to the St. Louis City school system, which is running magnet schools under court desegregation order, is expected to drop from $5.2 million to $710,000. The Seattle school system, which received $3.9 million for voluntary desegregation this fiscal year, expects $730,000 in Chapter 2 funds next year. The Montclair, New Jersey, school system reportedly will lose 93 percent of the Federal funds used for its voluntary desegregation program and foresees the program's "impending demise." Comments on the Department's ECIA proposals by other local school boards and concerned organizations indicate these are not isolated cases.

While Congress intended ECIA to give States more discretion in administering federally-assisted programs, we believe it did not intend the results described above. Section 565 of the act requires States to distribute Chapter 2 funds according to formulas providing "higher per pupil allocations to local education agencies which have the highest numbers or percentages of children whose education imposes a higher than average cost per child." The first category of children cited is "low-income," suggesting that Congress expected Chapter 2, like Chapter 1, to assist school districts with high concentrations of educationally disadvantaged minority children.

The Senate Budget Committee report on the education block grant offers further evidence that Congress did not intend consolidation to deprive schools needing extra assistance to provide equal educational opportunity. It explains the provision that became Section 565 as requiring allocations to school districts "on a needs basis." Moreover, it notes the consolidation of ESAA and states, "the Committee expects that recognition of additional costs incurred by the efforts to alleviate the isolation of minority group children where appropriate will be included among the needs factors considered in the allocation of funds." Since it was the Senate version of this part of ECIA that prevailed in conference, we believe the committee report indicates that Congress intended significant desegregation assistance to continue under Chapter 2.

Section 565 requires the Secretary to ensure that States' allocation formulas "are reasonably calculated to produce an equitable distribution of funds" as defined above. We believe the Department has not exercised due care in carrying out this responsibility. First, the Department's ECIA proposals did not clarify the statutory criteria for allocation formulas or indicate that desegregation costs were an additional needs factor Congress intended States to consider. We criticized related deficiencies in these and other block grant proposals because we believe a primary function of regulations is to read statutory provisions in light of their legislative history and translate them into clear compliance criteria. The Department received a number of comments specifically indicating the need to clarify allocation requirements and the impending jeopardy to voluntary desegregation programs. Other evidence that the formulas States were preparing generally would not focus funds on schools in greatest need or support desegregation efforts also was available. The final ECIA regulations, however, did not emphasize--or even note--this aspect of statutory intent.

Further, the Department proposed no standards for evaluating States' formulas or requirements that States show they would concentrate Chapter 2 funds on the neediest school districts, as Congress intended. On the contrary, without final regulations establishing adequate standards for States' proposals or even internal review standards, the Department approved over 40 States' formulas and obligated funds. This procedure suggests the Department was not sufficiently open to the possibility that public comments might identify deficiencies in its State application requirements and indicate necessary revisions in the regulations.

In addition, as we understand it, the Department's approval process did not ensure that the limited statutory criteria were satisfied. As noted, ECIA requires the Secretary to approve only formulas "reasonably calculated" to produce higher per pupil allocations to school districts with "the highest numbers or percentages of children whose education imposes a higher than average cost." We have been told, however, that Department staff could not evaluate formulas by this standard without considerable data, which States were not required to provide. They, therefore, decided to trust States' targeting and required only that formulas include a per pupil and a high cost factor, however defined and weighted.

The results of our preliminary review of the formulas thus approved are very disturbing. A number of States give high cost factors so little weight it is difficult to believe they will distribute funds "on a needs basis." Many formulas are so sketchy it is virtually impossible to determine whether they follow the intent of ECIA or how States will implement them. Further, only a few include desegregation efforts among their needs factors, although Congress clearly expected Federal desegregation assistance to continue under Chapter 2.

Finally, the Department's refusal to enforce most General Education Provisions Act (GEPA) requirements under ECIA still concerns us. GEPA provisions would protect individual rights and help ensure proper administration, including civil rights enforcement, in education block grant programs. We believe our comments on the proposed exemption showed it was unauthorized and note, as the Department acknowledges, that many other commenters also objected. We are especially concerned because the Department now defends its position on the basis that ECIA does not specifically state GEPA applies. We believe cross-cutting requirements generally apply unless Congress enacts a specific exemption and criticized this basic approach to enforcement in April 1982 testimony before the House Education and Labor Subcommittee on Postsecondary Education. Its further use here adds to the apparent pattern of retreat from enforcement responsibilities cited in our February 1982 letters and subsequent testimony.

We continue to believe that block grants leaving so much to States' discretion do not fulfill Federal civil rights obligations adequately. We also recognize the difficulty of administering consolidation acts that are vague and designed to limit Federal prescription. We, nevertheless, believe ECIA's provisions and legislative history show that Congress intended to preserve Federal responsibilities for equal educational opportunity and the guarantees in GEPA. We do not think the Department's implementation of Chapter 2 is consistent with these responsibilities.

We, therefore, will appreciate your informing us of the Department's plans to ensure that States allocate their Chapter 2 funds consistent with congressional intent. We also would like to know whether the Department will persist in the GEPA exemption and, if so, how it believes the administration of ECIA will be affected.

Sincerely,

John Hope III

JOHN HOPE III
Acting Staff Director

THE SECRETARY
WASHINGTON, D.C. 20202

JAN 2[illegible] 1983

Mr. Michael Casserly
Legislative and Research
Associate
Council of the Great City
Schools
1707 H Street, N.W.
Washington, D.C. 20006

Dear Mr. Casserly:

Please accept my apology for the delay in responding to your concerns regarding allocations by State educational agencies (SEAs) to local educational agencies (LEAs) under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). Your letter expressed concerns that the Education Department approved States' allocation formulas for the 1982-83 school year without adequate, enforceable standards, and that some of the formulas inequitably drained funds from programs, including voluntary desegregation programs, for inner city minority children. I am sending a similar reply to Mr. Husk.

As reflected in Section 561 of ECIA, States have the basic responsibility for the administration of Chapter 2. Indeed, a major purpose of Chapter 2 is to shift decision-making authority from the Federal Government to the States. With specific regard to the allocation of Chapter 2 funds, the Department of Education interprets Section 565 of ECIA to give SEAs wide latitude -- consistent with each State's particular needs and priorities -- in identifying children whose education imposes a higher than average cost per child, and in determining the manner and extent of adjustments in allocations based on these children.

Nothing in the law requires the Department of Education to promulgate enforceable standards for determining whether State criteria for adjusting the allocations are reasonably calculated to produce an equitable distribution of funds. On the contrary, the statute vests very broad authority for developing the criteria in the SEAs. The issuance of enforceable standards would be likely to have the inappropriate effect of narrowing the statutory grant of authority to the SEAs. In accordance with Section 591 of the ECIA, we determined that regulatory standards would not be needed to govern the Secretary's review of the States' criteria, and that this function could properly be exercised by the Secretary on a case-by-case basis.

The Department of Education carefully reviewed the criteria submitted by the SEAs for adjusting 1982-83 school year allocations and ultimately found them to be in compliance with the statute. In some cases, the Department raised concerns about initial submissions by the SEAs, and changes were made in the criteria to respond to those concerns.

At the same time, we believe that your concerns regarding possible inequitable distribution of funds to urban areas raise serious policy issues that warrant closer attention. In letters to the Chief State School Officers, we have raised these concerns, informed them that we are considering providing further guidance on allocations to LEAs in the final nonregulatory guidance (NRG) document that we hope to issue in the near future, and invited their suggestions on what the NRG document should include. We also have requested that they evaluate the impact of their formulas on urban areas and provide information to us on the results of the evaluation. A sample copy of our letter is attached.

We would greatly appreciate your suggestions concerning possible guidance that might be included on these matters in the NRG document. The time constraints on suggestions described in our letters to the Chief State School Officers would apply to your suggestions as well.

Sincerely,

T. H. Bell

Attachment

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

JAN 31 1983

The Honorable Robert G. Scanlon
Secretary of Education
State Department of Education
Harrisburg, Pennsylvania 17126

Dear Bob:

I am writing to you regarding the requirements for distributing funds under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA) and concerns that have been raised about how the initial distribution of Chapter 2 funds was made.

As you know, Section 565 of the ECIA provides that the State educational agency (SEA) shall distribute not less than 80 percent of its Chapter 2, ECIA funds to local educational agencies (LEAs) within the State according to the relative enrollments in public and nonpublic schools within the school districts of the LEAs. Under Section 565, the distribution of funds according to enrollments must be adjusted, in accordance with criteria approved by the Secretary of Education, to provide higher per pupil allocations to LEAs that have the greatest numbers or percentages of children whose education imposes a higher than average cost per child (hereinafter referred to as "high cost children").

I have received letters from the Council of the Great City Schools, the Federal Education Project of the Lawyers' Committee for Civil Rights Under Law, and the United States Commission on Civil Rights, raising the concern that Chapter 2 allocations by SEAs for the 1982-83 school year have resulted in inadequate funds going to urban school districts. These groups maintain that some SEAs, in making adjustments for high cost children, have not given sufficient weight to the higher concentrations of high cost children -- including educationally disadvantaged children from low-income families and children involved in desegregation activities -- in urban areas. The result, they claim, is that funds are not being equitably distributed according to areas of greatest need, and that funds are being drained from programs, including voluntary desegregation programs, for inner city minority children.

The Department of Education interprets Section 565 of the ECIA to give SEAs wide latitude -- consistent with each State's particular needs and priorities -- in identifying high cost children and in determining the manner and extent of adjustments in allocations based on these children. Consistent with this interpretation, the Chapter 2 regulations published on November 19, 1982 generally do not elaborate on the statutory standards for allocations (see 47 F.R. 52373). Moreover, in reviewing the SEAs' criteria for adjusting allocations for the 1982-83 school year, this Department evaluated the criteria on a case-by-case basis under the statutory standards.

Nevertheless, the above-described concerns raise serious programmatic issues. Within the limits imposed on the Department by the ECIA statute, we are considering providing additional guidance on LEA allocations in the final nonregulatory guidance document (NRG) for Chapter 2 that is currently being prepared. As indicated in the preamble to the Chapter 2 regulations, the NRG will contain guidance on program issues that will be binding on this Department in the sense that SEAs or LEAs that follow the guidance will be protected against any audit exceptions or other enforcement actions by the Department. However, the NRG's contents will not be binding on SEAs or LEAs, which would be free to adopt alternative approaches that are consistent with the Chapter 2 statute and that may be more in keeping with their own needs and priorities.

We would appreciate your suggestions on what guidance, if any, to include in the NRG document on the allocation of funds to LEAs. Because we hope to expedite issuance of the final NRG document, we request that you send us any suggestions you may have as soon as possible. To be assured of consideration, we should receive your comments within the next thirty days.

In addition, because your agency is responsible for the criteria for adjusting Chapter 2 allocations, we hope that you will examine your own criteria and their effects in light of the concerns described in this letter. We believe that it would be particularly useful for you to evaluate the impact of your formula on urban areas for the current school year. Although there is no specific Federal requirement for you to conduct such a review or to report on its results, we encourage you to take the initiative on this matter in discharging your responsibilities for administering the Chapter 2 program. We would be interested in receiving information on the results of your study. The proposed review should be useful to you in planning future Chapter 2 allocations, and should also promote public understanding of the Chapter 2 program.

Sincerely,

T. H. Bell

UNITED STATES COMMISSION ON CIVIL RIGHTS
WASHINGTON, D.C. 20425

STAFF DIRECTOR

FEB 2 3 1983

Honorable Terrel H. Bell
Secretary of Education
Washington, D.C. 20202

Dear Mr. Secretary:

I am writing in response to your January 31, 1983 letter explaining the Department of Education's views of its responsibilities for reviewing States' formulas allocating funds under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA) and its plans for responding to possibly inequitable distributions to inner-city schools.

Regarding allocation formulas, as well as other matters, ECIA establishes important limits on States' discretion that the Department should enforce. Specifically, Section 565 requires States to submit for the Secretary's approval criteria for targeting Chapter 2 funds to school districts with high concentrations of students whose education costs more than the average, such as educationally disadvantaged minority children. The Secretary is responsible for ensuring that formulas "are reasonably calculated to produce an equitable distribution of funds" thus defined. This indicates the Department must have a procedure for assessing the probable impact of States' formulas and should raise concerns about formulas providing for only minimal targeting to school districts in greatest need. Although ECIA does not expressly direct the Secretary to publish regulations for formulas, Section 591 provides clear authority to do so in order to ensure compliance with the statutory "equitable distribution" requirements.

According to your letter, the Department carefully reviewed all formulas and, in some cases, raised concerns. We would appreciate further clarification of the review process. Specifically, we would like to know what working definition of "equitable distribution" the Department used and how it determined whether proposed formulas were "reasonably calculated" to produce it. We also would like to know with what States and on what bases the Department raised concerns. We particularly would like to learn if the Department required any changes or clarifications regarding targeting to low-income children and children in economically depressed areas, the first two of the three priority groups cited in Section 565.

We are pleased you share our concerns about possible inequitable distributions to inner-city schools and have raised them with the Chief State School Officers. We, however, are not prepared at this point to recommend nonregulatory guidance, as you request. Inequitable distributions, as you know, may have discriminatory effects. If Chapter 2 funding formulas effectively deny minority children equal educational opportunity, we do not believe the Department's obligations under Title VI of the Civil Rights Act of 1964 would be satisfied by guidance States could follow or disregard as they wished. Binding guidelines on Title VI compliance under ECIA would be more appropriate.

We also do not believe that requesting States to evaluate and share findings on the impact of their Chapter 2 formulas on inner-city schools will give the Department enough information to decide what it should do to meet its Title VI and ECIA obligations. Even if States comply with such requests, despite other pressing priorities, their studies are not likely to yield the clear nationwide picture needed to assess and administer Federal education policies. We, therefore, recommend the Department conduct its own evaluation in this area. We would appreciate an opportunity to review the results and suggest appropriate responses to civil rights-related problems identified.

Sincerely,

John Hope III

JOHN HOPE III
Acting Staff Director

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K.BAER/JBC/dc/lm/ms/2/22/83

THE COUNCIL OF THE GREAT CITY SCHOOLS
1413 K. Street, N.W., 4th Floor, Washington, D.C. 20005 / (202) 371-0163

March 28, 1983

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Philadelphia
Pittsburgh
Portland
St. Louis
San Francisco
Seattle
Toledo
Washington, D.C.

Honorable Terrel H. Bell
Secretary of Education
Department of Education
400 Maryland Avenue
Room 4181, FOB 6
Washington, DC 20202

Dear Mr. Secretary:

This letter is in response to your January 31, 1983 letter explaining the Department's view on State and Federal responsibility in designing and reviewing State Chapter 2 allocation formulas and possible responses by the Department to the resulting inequities, in approved formulas, towards large urban areas. The Council of the Great City Schools and the Federal Education Project of the Lawyers' Committee for Civil Rights Under Law commend you for the positive steps, delineated in your letter, of collecting data and analyzing the impact of the Chapter 2 formulas on large urban areas. We still have concerns, however, regarding the gross inequities resulting from many of the formulas, from the lack of analyses of the effect of the formulas, and from the deficiencies in state and federal mechanisms for designing and approving them. We make the following suggestions to help remedy these problems.

Upon examining applications approved by the Department, we have become very concerned about the lack of information on how the formulas work out in dollars and cents terms in individual districts. In most states, the data provided were insufficient to determine the amount allocated per child on the basis of enrollment or high cost factors. Many applications also failed to include the number of children counted in the state as a whole under each high cost factor, or, in each district for enrollment and/or high cost purposes. Without this basic information, it is very difficult to understand how the Department could determine the effects of a particular funding scheme and thus whether it is "reasonable". It is very difficult to determine the outcome of a particular funding scheme on its face. A formula which seems to be fair or unfair on its face may not actually work out as it appears once the supporting data are collected. We believe that the "reasonableness" criteria involves both the formula's face value and its effects. It is clear from our requests to SEAs that most had not analyzed the effect of their formulas prior to sending them to the Department of Education, but had relied solely on their superficial merit.

It is unclear how a formula can be deemed in compliance with the statute if neither the SEAs nor the Department of Education had information about its actual effects. Although your letter indicates that some applications were questioned, our correspondence with Department and State personnel, along with an examination of the applications which were not initially approved, indicate that the problems leading to their disapproval centered around provisions for private school children (Missouri) and the inclusion of prior ESAA funding as a high cost factor in the funding formula (New York, California), to which the Department objected, not with the amounts allocated on the basis of which factors. The Department did not, and could not have reviewed the Chapter 2 applications for "reasonableness" because of the appalling lack of data.

We recognize the Department's insistence that the states be allowed to devise their own formulas and plans, but believe that the Secretary has a particular obligation to collect sufficient information on which to make a reasoned decision. In that obligation we have found the Department deficient.

To remedy this situation, we recommend that the Department establish, and publish in the Federal Register for public comment, a review process for approving state Chapter 2 applications and minimum standards each state should meet while devising their formula. The review process should include very specific data collection requirements for states, including details on the impact of their formulas on each district. At a minimum the Department should require states to show the number of children in each district, the number of children or units counted as high cost and the amount of funds each district received based on these factors and the impact the proposed formula has on each district. SEAs should be required to explain the rationale behind their particular formula and how it fulfills the needs of the state, as well as describe any public input in making these determinations. States should assure, with concrete figures, that the funds are really being skewed toward districts with the largest numbers and concentrations of high cost children and thus poverty counts, poverty distribution throughout the state and other data illustrating the needs and distribution of high cost children should be submitted to the Department. States should also be required to determine whether a district will lose large sums of money in any given year. Any such loss should be justified by the state and strongly considered by the Department in determining whether a formula is "reasonable".

Other state responsibilities should include collecting information from LEAs illustrating how Chapter 2 monies were spent. It is imperative that the Department and SEAs know where Chapter 2 funds are going, on what basis, and the uses funds are being put to by LEAs. This will assist Congress and your agency in determining appropriations, changes in formulas, etc., in the years to come. Finally, all data collected should be open to the public at the local, state and federal level.

We are very pleased that you have decided to collect data and evaluations from SEAs on the impact of Chapter 2 funding formulas on urban school areas. This is definitely a step in the right direction The data collected by SEAs should be evaluated by the Department to determine whether Congress should be asked to appropriate more funds for those school districts that have experienced severe funding drops or whether the Department should recommend that states change their allocation formulas.

Regarding state responsibility for devising allocation formulas, although State Educational Agencies (SEAs) are charged with the responsibility of devising, in consultation with the state advisory committee, a formula for distributing at least 80% of the state's Chapter 2 funds to Local Educational Agencies (LEAs) this responsibility is not unfettered, and states must assure that funds are distributed on the basis of enrollment and only to LEAs with the greatest numbers or percentages of children whose education imposes a higher than average cost per child (see ECIA, §565). To ensure that this mandate is carried out, the Secretary is given the responsibility of approving the criteria suggested by SEAs to insure that they are reasonably calculated to produce an equitable distribution of funds with regard to the factors set forth in the statute. Regulatory standards to carry out this process would not be inconsistent with this responsibility. Therefore, we believe it would be appropriate to propose, for public comment, guidelines and minimum criteria to be utilized by states in devising their Chapter 2 allocation formulas.

Minimum criteria could include requiring the amount allocated on the basis of high cost factors to bear a reasonable relationship to the cost of education, per child, in the state. Actual additional costs generated by "high cost" children could also be a factor considered by the states. Such minimum guidelines would not deprive the states of the latitude necessary to take into account their particular needs and circumstances, but would provide guidance to states in devising standards and set some minimum criteria to insure that formulas fulfill the Congressional mandate of skewing funds towards districts with large numbers of low-income children.

It is clear at this point that the Chapter 2 block grant has done serious damage to inner-city schools and the loss of ESAA funds has stymied urban desegregation efforts. We continue to be most concerned and disturbed by the effects of the education block grant.

Once again, we appreciate this opportunity to make recommendations to you and we look forward to working with you in reaching an equitable solution to these difficult issues.

Sincerely,

Samuel B. Husk
Executive Director
Council of the Great City Schools

Linda Brown R.B.

Linda Brown
Director of Federal Education Project
Lawyers' Committee For Civil Rights Under Law

Michael Casserly

Michael Casserly
Legislative & Research Associate
Council of the Great City Schools

Norman Chachkin
Deputy Director
Lawyers' Committee For Civil Rights Under Law

DEPARTMENT OF EDUCATION
UNITED STATES OF AMERICA

THE SECRETARY
WASHINGTON, D.C. 20202

JUN 13 1983

Mr. Michael Casserly
Legislative & Research Associate
Council of the Great City Schools
1413 K Street, N.W.
Washington, D.C. 20005

Dear Mr. Casserly:

Thank you for your letter concerning the distribution of funds by State educational agencies (SEAs) to local educational agencies under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). I apologize for the lateness of this response. I also am sending a similar response to the co-signers of your letter.

Your letter reiterates your view that many States did not equitably distribute funds in the first year of the program because they did not allocate sufficient funds to urban districts with high concentrations of educationally disadvantaged children. You stress in the letter that many States neither submitted to this Department, nor even prepared, data on the effects of their formulas and question how a determination could be made that funds would be equitably distributed without this information. Finally, to address these concerns, you recommend that the Department publish regulations respecting a review process and minimum standards, including very detailed data requirements, for the Chapter 2 distribution formulas.

As my January 31 letter indicated, I share your concern that SEAs allocate an equitable share of Chapter 2 funds to urban areas based on "high cost" children in these areas. I have communicated that concern to the Chief State School Officers. You, of course, are free to pursue your concerns with these officials, and my hope is that you would do so by providing constructive information and assistance to them.

Preliminary data indicate that the States generally have been very responsive to the needs of children in urban areas in distributing their Chapter 2 funds. We have received preliminary findings of a study on the fiscal impact of Chapter 2 for a sample of districts consisting of the largest twenty districts in the country and eight other districts located in some of the twenty largest cities. These findings show that seventeen of these twenty-six districts (excluding the District of Columbia and Hawaii, which are treated both as States and local districts under Chapter 2) either (a) received an increased percentage of the funds received by their States under Chapter 2 in FY 1982 compared to their percentage of what their States had received under the antecedent categorical programs in FY 1981, or (b) experienced no change in these percentages (counting a change of one percent or less as no change). These data include funds available for State use under Sections 564 and 565, as well as those funds which must be allocated to local educational agencies.

While it is true that several urban districts experienced substantial decreases in funding, these results do not, in our view, evidence inequitable funding adjustments. Emergency School Aid Act (ESAA) funds represented a significant percentage of the funds received by these districts under the antecedent programs. With the block-granting of the ESAA program, the absence of a statutory hold harmless provision, and overall funding reductions, it is not surprising that there were reduced awards to some urban districts.

Although I still believe that you have raised important concerns to be further considered by the States, I disagree with your suggestions for detailed regulations and data requirements concerning the Chapter 2 allocations. Section 565 of ECIA provides for this Department to approve criteria for adjusting Chapter 2 allocations ". . . if such criteria are reasonably calculated to produce an equitable distribution of funds with reference to . . ." factors that generate high educational costs per child. We do not interpret this provision to require the Department to determine the specific effects of the criteria for each district in a State or to authorize the Department to second guess the State in light of these effects.

On the contrary, the statute vests extremely wide latitude in the States to devise their allocation formulas and stipulates only a very general standard for review of the formula by the Department. Under the statutory standard, this Department would have occasion to disapprove a formula only in rather serious cases when it cannot be said that the State's criteria are reasonably calculated to produce an equitable distribution of funds. It is important to note that under the statute it is only the criteria for adjustments, not the actual allocations, that are subject to approval by the Secretary. We believe that your interpretation would in effect require the Secretary to approve each State's overall formula and allocation, but we do not read the statute to provide for such broad Federal approval authority. The statute does not require the Secretary, in approving the criteria, to determine that they in fact result in an equitable distribution of funds. Rather, the Secretary is required to approve the criteria if they are reasonably calculated to produce an equitable distribution of funds, a determination that ordinarily would be made by reviewing the criteria on their face. If, upon review, we have questions concerning the equitableness of a particular State's criteria, we can ask the State for additional information.

Given the statutory standard for review and the breadth of authority vested in the States under Section 565, there is little that this Department could do with the detailed data that you recommend be required. We do not believe that Congress, in enacting this provision, intended the Department to do an elaborate economic analysis of detailed demographic and financial data on a State-by-State and district-by-district basis and to substitute its judgment for that of the State based on the effects of the allocation formula. Had this been intended, we believe that Congress would have prescribed due process procedures for the determination of factual and legal issues, as it has done in other contexts (see, for example, Sec. 109 of the Vocational Education Act of 1963).

Every relevant provision of the statute suggests that Congress did not intend the detailed Federal review that you recommend. Section 561(b) of ECIA provides that "[t]he basic responsibility for the administration of funds made available under . . . Chapter [2] is in the State educational agencies, but it is the intent of Congress that this responsibility be carried out with a minimum of paperwork . . . ." Section 561(a) of ECIA also states that one purpose of Chapter 2 is to reduce administrative and paperwork burdens. In our view, the suggestion in your letter that detailed data be required from the States to permit the Secretary to approve or disapprove the effects of each State's funding formula is inconsistent with these provisions. Also, Section 591 of ECIA reflects congressional intent to reduce regulations under the block grant program (as well as Chapter 1, ECIA) and, in effect, creates a presumption against regulating for ECIA which should only be rebutted if regulations are clearly needed to ensure compliance with the statute. For the reasons indicated above, we do not believe that to be the case here.

With respect to your suggestion that minimum criteria be established for what might constitute an equitable distribution--such as requiring the amount allocated to bear a reasonable relationship to the cost of education, per child, in the State--we continue to hold the view that such criteria would have the inappropriate effect of narrowing the statutory grant of authority to the SEAs. As you may know, the provisions of Section 565 concerning adjustments to allocations were patterned after those in title IV-B of the Elementary and

Secondary Education Act (ESEA), with the significant difference that title IV-B provided for the Secretary to prescribe criteria for the adjustments (Sec. 422(a)), whereas Section 565 provides for the criteria to be suggested by the SEAs. Your proposal for this Department to issue minimum criteria in our view undercuts this statutory change. The issue of adding minimum criteria was raised in the rulemaking process and, subsequently, in correspondence with the Chief State School Officers. The predominant reaction has been that such criteria would intrude on flexibility vested in the States under the statute.

As indicated above, you are free to pursue with the States your concerns regarding Chapter 2 allocations to urban areas. However, to try to address these concerns through detailed Federal regulations, burdensome data requirements, and Federal determinations, State-by-State and district-by-district, of the appropriateness of the effects of Chapter 2 allocations would be to undermine the central legislative decision made by the Congress in enacting Chapter 2; namely, to make this a State-administered program with a minimum Federal role. Congress did not contemplate the Federal role that you suggest when it enacted Section 565. We believe strongly that in our regulations and in our review of specific State criteria, we are properly carrying out our responsibilities under Section 565, consistent with the basic purpose of the block grant program.

Sincerely,

T. H. Bell

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

[illegible] 10 [illegible]

The Honorable Carl D. Perkins
Chairman, House Committee on
Education and Labor
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request for a report on H.R. 2207, a bill "[t]o reenact the Emergency School Aid Act."

In summary, the Department of Education opposes enactment of H.R. 2207. Both our experience with school districts formerly receiving funds under the Emergency School Aid Act (ESAA) and our preliminary findings concerning ESAA-related activities under the present block grant program indicate that there is no need to reestablish a categorical grant program.

Programs previously authorized under ESAA were among those consolidated into a single block grant program by Chapter 2 of the Education Consolidation and Improvement Act of 1981. One of the major purposes of Chapter 2 is to return to States and local school districts both the flexibility and the decisionmaking authority required to address local educational needs in the best manner. Our block grant approach is based on the philosophy that while some education issues should be considered at the Federal level the majority of choices concerning the education of our children should rest in the hands of State and local officials, school administrators, teachers, and parents.

The inclusion in Chapter 2 of activities formerly authorized under ESAA has allowed assistance in desegregation to continue without interposing direct Federal administration. Under Chapter 2, States and local school districts are able to use funds for any of the activities previously authorized under ESAA. Indeed, with the flexibility accorded in Chapter 2, each State is now able to devise methods for focusing considerable funds on those school districts demonstrating particular needs related to desegregation.

Several States have included children from school districts undergoing desegregation among those children whose education generally imposes a higher cost. These "high cost" children receive extra weight in allocation formulas, so that their school districts can receive extra block grant funds. A majority of the States have also given added weight in their allocation formulas to low-income children eligible for Chapter 1 funds, thus directing additional money to urban school districts, including those school districts with needs related to desegregation. Other States are allotting a portion of the 20% of Chapter 2 funds reserved for their direct use to establish desegregation-related programs, thereby enabling some school districts to receive substantial increases over their formula block grant funds. Further, if a school district thinks it has been dealt with inequitably, it can petition the State educational agency to revise its distribution formula, an action which, for example, has resulted in a greater Chapter 2 allocation for Seattle, Washington, a former ESAA grantee. Finally, technical assistance remains available at the Federal level through the Department's Office for Civil Rights.

While the shift from a categorical grant to a block grant approach may have resulted in some losses of expected funds, the degree of disruption for former ESAA recipients appears to be less than previously estimated. Under contract from this Department, the Education Analysis Center is now analyzing funding patterns for the country's 28 largest school districts. Preliminary findings indicate that the impact of Chapter 2 on large school districts is considerably less than had been originally reported by the Council of Great City Schools (CGCS). One possible explanation for this difference may be that CGCS may have estimated the amounts of Chapter 2 awards before funds were actually distributed by the States, while the Education Analysis Center is using actual distribution data. As both studies indicate, although some school districts are receiving less money under Chapter 2 than under antecedent categorical grants, including ESAA, other school districts are receiving more funds, some for the first time.

Finally, we do not believe that reenactment of a categorical grant focused solely on desegregation activities is an appropriate way to solve current problems. During the last two years of ESAA funding (FY 1980 and 1981), most of the school districts participating in the program had implemented their desegregation plans seven or more years earlier. Case studies show that ESAA funds were used less for implementing desegregation plans than for generally improving educational opportunities for disadvantaged children. Moreover, in the nine-year course of the ESAA program, the Federal government awarded almost $2 billion to school districts, many of which received funds for five to nine years. For example, Buffalo, New York, received more than $30 million over eight years; New Castle, Delaware, received $23 million over nine years. In addition to the ESAA program, more that $300 million were spent under Title IV of the Civil Rights Act for developing and disseminating model desegregation programs, and for creating the capacity within State departments of education to assist local school districts undergoing desegregation. It is not unreasonable to expect at least some alleviation of desegregation-related problems for these long-term grantees.

For the reasons outlined above the Department of Education opposes enactment of H.R. 2207. It is now more appropriate for States and local school districts to assume responsibility in this area.

The Office of Management and Budget has advised us that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program

Sincerely,

T H Bell
T. H. Bell

Mr. Weiss. Thank you, Dr. Casserly.
Mr. Rosica.

STATEMENT OF THOMAS C. ROSICA, EXECUTIVE DIRECTOR, OFFICE OF CATEGORICAL PROGRAMS, SCHOOL DISTRICT OF PHILADELPHIA

Mr. Rosica. Mr. Chairman, members of the subcommittee, my name is Thomas C. Rosica. I am the executive director of categorical programs for the School District of Philadelphia.

The purpose of my testimony today is to share with you Philadelphia's experience with chapter 2 of the Education Consolidation and Improvement Act.

I'd like to ask for a correction on page 2, and that should be "produced these results in 1982-1983" rather than "1981-1982."

Mr. Weiss. Without objection, that will be done.

Mr. Rosica. Let me just talk about the impact. When these grants were competitive, the Philadelphia School District was successful in getting 43 percent of the funds received by the State, although we represent only 13 percent of the school-age population. Now that the funds are allocated by the State on a formula basis, we receive 23 percent of the funds, but approximately 15 percent of this money must be distributed to 150 parochial schools and 89 private schools.

Therefore our percentage of the funds allocated by the State, for the exclusive use of the school district, is reduced from 23 percent to 16.3 percent. Dollarwise, the reduction from the 1981-82 school year is from $6.7 million to $3.4 million for the 1982-83 school year.

The formula resulted in 391 of Pennsylvania's 504 school districts receiving increases, some as high as 300 percent. Many of these districts had never applied for competitive grants because of lack of interest. In essence, Philadelphia has been penalized for its past success in the grantsmanship marketplace.

Total State funding increased by 3 percent, but as a result of the funding formula, 27 percent more money became available to the balance of the State. Programmatically, the reductions that occurred in Philadelphia were these: 50 percent reduction in special funding for library books, instructional aids, instructional equipment and supplemental textbooks from 1.5 million to 750,000; a 25.7 percent—which really is a 60-percent decrease when you look at the fact that we used our antecedent carryover—a 25.7 percent reduction in funds for desegregation; the elimination of four components, 13 schools and services to 11,000 students, from 3.6 million to 1.4 million. The impact would have been greater had we not been able to carry over $1.2 million in savings from the prior year's antecedent programs.

Twelve additional projects were dropped affecting 38,276 children and services to every school in the district, particularly the handicapped and the gifted.

One of the basic purposes of the consolidation of the 29 antecedent programs was to reduce redtape. It has done this relative to the preparation of applications for chapter 2 moneys, but it's created a nightmare in terms of administration of funds for private, nonprofit schools.

In order to fulfill all the legal mandates required by the Pennsylvania State Department of Education, and as a result of mandates from the U.S. Department of Education, we have had to perform the following tasks: One, convene a meeting of representatives of the 150 parochial schools and 89 private schools; two, obtain from them assurances that they approve the formula for distribution of the funds; three, if the private nonprofit schools do not attend the meeting, we are then mandated to send them a registered letter, return receipt requested, requesting confirmation from them that they will either participate or not participate; four, when the schools notify us as a result of the letter that they wish to participate, we then must send out another letter with all the appropriate directions and forms; five, we must prepare a separate application for the private nonprofit schools. If any of the schools are late in submitting the necessary data, we cannot submit an application for funding for the public schools until both applications are prepared and submitted.

Six, when the application has been approved, we then must sit down with each of the schools to prepare purchase requisitions; seven, all of these requisitions must then be processed by our Purchasing Department at a cost of approximately $50 per requisition; eight, once materials have been delivered, we must then receive verification from the school by their signing of the receiving report that this material has arrived and is satisfactory; nine, once this has been verified, our accounting department must then issue a check; ten, we must maintain separate budgets for every private nonprofit school. Our Department has to continually check freight costs, inflationary costs of material, to determine whether or not there were adequate funds for each of these budgets every time a purchase is received and a payment is made.

Since the LEA is responsible for administrative control of these funds and all equipment is under the ownership of the LEA, staff must then go out to visit these schools so that we can be assured that the materials are properly used for secular purposes and for educationally appropriate activities.

As a result of these mandates, we've had to hire a full-time secretary and pay 50 percent of the salary of a person in the purchasing department and assign two members of my staff to spend half of their time to perform the above-noted tasks.

In essence, it is necessary for us to reduce services to public school children to pay for the cost of administering this program to the nonpublic schools.

As we look at the funding picture and review the total impact on the school district, I have displayed on the next page funding levels for the years 1981-82 through 1983-84. As you can see, the funding for Pennsylvania has increased each year from 1981-82 through 1983-84. The money available to the School District of Philadelphia, $6.6 million in 1981-82 and $239,000 to the private nonprofit schools was reduced in 1982-83 to $3.4 million for the public schools and $664,000 for the private nonprofit schools.

In 1983-84, we received another reduction in our funding to $3,345,000 and the private nonprofit schools' funding increased to $693,000.

The picture is not pleasant. As you can see, even though State funding increased from 1981-82 to 1983-84, the School District of Philadelphia continues to receive less money each year. It seems as though the block grant program was specifically designed to damage the urban centers of the country and to reduce services to minorities, the disadvantaged, the handicapped, and other students with special needs.

I am indeed distressed that because of the flexibility given to States in the distribution of this money, that urban centers such as Philadelphia are seeing vitally needed moneys slowly but surely being filtered out of these areas of greatest need and into areas of affluence. This situation cannot continue to exist. There must be direction from Congress on how this funding can be focused so that the major urban centers of this country are not drained of critically needed resources.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Rosica follows:]

TESTIMONY

MR. THOMAS C. ROSICA
EXECUTIVE DIRECTOR
OFFICE OF CATEGORICAL PROGRAMS
SCHOOL DISTRICT OF PHILADELPHIA

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND
HUMAN RESOURCES OF THE COMMITTEE ON GOVERNMENTAL OPERATIONS

SEPTEMBER 20, 1983

Mr. Chairman, Members of the Subcommittee, my name is Thomas C. Rosica. I am the Executive Director of Categorical Programs for the Philadelphia Public Schools. The purpose of my testimony today is to share with you Philadelphia's experience with Chapter 2 of the Education Consolidation and Improvement Act.

The Education Consolidation and Improvement Act, when passed by Congress in August, 1981, was looked upon as a piece of legislation which would impose upon school districts fewer regulations, thereby allowing greater flexibility in the use of funds appropriated under the Act. Specifically, Chapter 2 of this Act was provided in block grant so that school districts could designate funds for programs related most directly to their needs.

Although programmatic flexibility has been accomplished, the funding level in the Philadelphia School District has been most disappointing. As you are aware, the funds are allocated to states on the basis of their population of children 5 to 17 years of age. A minimum of 80% of the money must be distributed to school districts and 20% may be retained by the State. The Governor then appoints a committee whose purpose is to recommend a formula for distribution of these funds. In Pennsylvania we have a 28 member committee with one Urban Representative. I am the Urban Representative on that committee. The formula developed by the Committee produced these results in 1982-1983:

1. When these grants were competitive, the Philadelphia School District was successful in garnering 43% of the funds received by the State although we represent only 13% of the school-age population. Now that the funds are allocated by the State on a formula basis, we receive 23% of the funds, but approximately 15% of this money must be distributed to 150 parochial schools and 89 private schools. Therefore, our percentage of the funds allocated by the State for the exclusive use of the School District is reduced from 23% to 16.3%. Dollar-wise, the reduction from the 1981-82 school year is from $6.7 million to $3.4 million for the 1982-83 school year.
2. The formula resulted in 391 of Pennsylvania's 504 school districts receiving increases, some as high as 300%. Many of these districts had never applied for competitive grants because of lack of interest. In essence, Philadelphia has been penalized for its past success in the grantsmanship marketplace.
3. Total State funding increased by 3%, but as a result of the funding formula, 27% more money became available to the balance of the State.
4. Programmatically, these reductions occurred:
    - A. 50% reduction in special funding for library books, instructional aids, instructional equipment,

AND SUPPLEMENTAL TEXBTOOKS FROM $1,500,000 TO $750,000.

B. 25.7% REDUCTION IN FUNDS FOR DESEGREGATION. THE ELIMINATION OF FOUR COMPONENTS, THIRTEEN SCHOOLS, AND SERVICES TO 11,000 STUDENTS ($3.6 MILLION TO $1.4 MILLION). THIS IMPACT WOULD HAVE BEEN GREATER HAD WE NOT BEEN ABLE TO CARRY OVER $1.2 MILLION IN SAVINGS FROM THE PRIOR YEAR'S GRANT FOR USE IN THE 1982-83 SCHOOL YEAR.

C. 12 ADDITIONAL PROJECTS DROPPED AFFECTING 38,276 CHILDREN AND SERVICE TO EVERY SCHOOL IN THE SYSTEM.

I HAVE ATTACHED AS AN APPENDIX TO THIS TESTIMONY SUMMARIES OF THE PROJECTS ELIMINATED AS A RESULT OF THE REDUCTIONS IN FUNDING.

ONE OF THE BASIC PURPOSES OF THE CONSOLIDATION OF 29 ANTECEDENT PROGRAMS WAS TO REDUCE RED TAPE. IT HAS DONE THIS RELATIVE TO THE PREPARATION OF APPLICATIONS FOR THE CHAPTER 2 MONIES BUT HAS CREATED A NIGHTMARE IN TERMS OF ADMINISTRATION OF FUNDS FOR PRIVATE, NONPROFIT SCHOOLS. IN ORDER TO FULFILL ALL OF THE LEGAL MANDATES REQUIRED BY THE PENNSYLVANIA STATE DEPARTMENT OF EDUCATION AS A RESULT OF MANDATES FROM THE UNITED STATES DEPARTMENT OF EDUCATION, WE HAVE HAD TO PERFORM THE FOLLOWING TASKS:

1. CONVENE A MEETING OF REPRESENTATIVES FROM THE 150 PAROCHIAL SCHOOLS AND 89 PRIVATE SCHOOLS.

2. OBTAIN FROM THEM ASSURANCES THAT THEY APPROVE THE FORMULA FOR DISTRIBUTION OF THE FUNDS.
3. IF THE PRIVATE, NONPROFIT SCHOOLS DID NOT ATTEND THE MEETING, WE ARE THEN MANDATED TO SEND THEM A REGISTERED LETTER, RETURN RECEIPT REQUESTED, REQUESTING CONFIRMATION FROM THEM THAT THEY WILL EITHER PARTICIPATE OR NOT PARTICIPATE.
4. WHEN THE SCHOOLS NOTIFY US, AS A RESULT OF THE LETTER, THAT THEY WISH TO PARTICIPATE, WE THEN MUST SEND OUT ANOTHER LETTER WITH ALL OF THE APPROPRIATE DIRECTIONS AND FORMS.
5. WE THEN MUST PREPARE A SEPARATE APPLICATION FOR THE PRIVATE, NONPROFIT SCHOOLS. IF ANY OF THE SCHOOLS ARE LATE IN SUBMITTING THE NECESSARY DATA, WE CANNOT SUBMIT AN APPLICATION FOR FUNDING FOR THE PUBLIC SCHOOLS UNTIL BOTH APPLICATIONS ARE PREPARED AND SUBMITTED.
6. WHEN THE APPLICATION HAS BEEN APPROVED WE THEN MUST SIT DOWN WITH EACH OF THE INSTITUTIONS TO PREPARE PURCHASE REQUISITIONS.
7. ALL OF THESE REQUISITIONS MUST THEN BE PROCESSED BY OUR PURCHASING DEPARTMENT AT A COST OF APPROXIMATELY $50 PER REQUISITION.
8. ONCE MATERIALS HAVE BEEN DELIVERED WE THEN MUST RECEIVE VERIFICATION FROM THE SCHOOL BY THEIR SIGNING OF THE RECEIVING REPORT THAT THIS MATERIAL HAS ARRIVED AND IS SATISFACTORY.

9. ONCE THIS HAS BEEN VERIFIED, OUR ACCOUNTING DEPARTMENT MUST THEN ISSUE A CHECK.
10. WE MUST MAINTAIN SEPARATE BUDGETS FOR EVERY PRIVATE, NONPROFIT SCHOOL. OUR ACCOUNTING DEPARTMENT HAS TO CONTINUALLY CHECK FREIGHT COSTS TO DETERMINE WHETHER OR NOT THERE ARE ADEQUATE FUNDS FOR EACH OF THESE BUDGETS EVERY TIME A PURCHASE IS RECEIVED AND PAYMENT IS MADE.

SINCE THE LEA IS RESPONSIBLE FOR ADMINISTRATIVE CONTROL OF THESE FUNDS AND ALL EQUIPMENT IS UNDER THE OWNERSHIP OF THE LEA, STAFF MUST THEN GO OUT TO VISIT THESE SCHOOLS SO THAT WE CAN BE ASSURED THAT THE MATERIALS ARE PROPERLY USED FOR SECULAR PURPOSES AND FOR EDUCATIONALLY APPROPRIATE ACTIVITIES.

AS A RESULT OF THESE MANDATES WE HAVE HAD TO HIRE A FULL-TIME SECRETARY AND PAY 50% OF THE SALARY OF A PERSON IN THE PURCHASING DEPARTMENT AND ASSIGN TWO MEMBERS OF MY STAFF TO SPEND HALF OF THEIR TIME TO PERFORM THE ABOVE NOTED TASKS.

IN ESSENCE IT IS NECESSARY FOR US TO REDUCE SERVICES TO PUBLIC SCHOOL CHILDREN TO PAY FOR THE COST OF ADMINISTERING THIS PROGRAM TO THE NONPUBLIC SCHOOLS.

AS WE LOOK AT THE FUNDING PICTURE AND REVIEW THE TOTAL IMPACT ON THE SCHOOL DISTRICT, I HAVE DISPLAYED ON THE NEXT PAGE FUNDING LEVELS FOR THE YEARS 1981-82 THROUGH 1983-84.

COMPARISON OF ALLOCATIONS 1981-82 & 1983-84

	1981-82	1982-83	1983-84
PENNSYLVANIA FUNDING	$ 20,300,000	$ 21,000,000	$ 21,400,000
PHILADELPHIA PUBLIC SCHOOLS	6,644,128	3,422,204	3,345,366
PRIVATE, NONPROFIT SCHOOLS	239,684	664,933	693,361

The picture is not pleasant. As you can see, even though State funding increased from 1981-82 to 1983-84, the School District of Philadelphia continues to receive less money each year. It seems as though the Block Grant Program was specifically designed to damage the urban centers of the country and to reduce services to minorities, disadvantaged, the handicapped, and other students with special needs.

I am indeed distressed that because of the flexibility given to states in the distribution of this money that urban centers such as Philadelphia are seeing vitally needed monies slowly but surely being filtered out of these areas of greatest need and into areas of affluence. This situation cannot continue to exist. There must be direction from Congress on how this funding can be focused so that the major urban centers of the country are not drained of critically needed resources.

9/20/83

BASIC SKILLS IMPROVEMENT

Funds are provided to support activities to enlist the assistance of parents and volunteers working with schools to improve the skills of children in reading, mathematics and oral and written communication. Activities include the development and dissemination of materials which the parents may use at home, and voluntary training activities for parents to encourage them to assist their children.

Source of Funds: Education Amendments of 1978 - Title II

Name of Project: PARENT PARTICIPATION FOR BASIC SKILLS IMPROVEMENT

Administrator: Dr. Edmund J. Forte

Headquarters: Board of Education Building

Room 118 Phone Number: 299-7819

Grant Period: 8/1/81 - 7/31/82 Grant Amount: $ 43,920

Target Population: Public: 5,000 Level(s): K-9

Nonpublic: (indirect) Level(s):

Staff:	Full-Time	Part-Time
Professional		41
Paraprofessional		
Clerical		
Other		

Description of Project:

This project is designed to help parents become partners in the education of their children. Parent Involvement Teams have been established at project sites. The teams are responsible for developing and implementing a series of parent workshops aimed at helping parents develop their children's basic skills.

ELEMENTARY AND SECONDARY EDUCATION ACT - TITLE IV, PART C

This funding is also provided to the State and through the SEA to local school districts. Funds are to be used for activities that will improve the educational practices of the school districts including:

(1) The development and demonstration of activities addressing serious educational problems and the needs of children in nonpublic schools for improved educational service.

(2) Activities to improve achievement of basic skills.

(3) Activities to encourage parent participation.

(4) Development of programs to diagnose learning problems.

(5) Improving school management.

(6) Professional development programs for teachers and others.

(7) Encouraging innovation and improvement in compensatory education efforts.

Of the funds provided for this year, the Act mandates that 10% be used for the improvement of school management and coordination of resources; 50% for compensatory education; and 15% for special programs for children with specific learning disabilities or handicaps.

Source of Funds: ESEA - Title IV, Part C

Name of Project: AFFECTIVE SPECIAL EDUCATION IN THE ARTS

Administrator: Dr. John C. Abbott

Headquarters: Stevens Administrative Center
Room 201

Phone Number: 351-7186

Grant Period: 11/1/81 - 6/30/82

Grant Amount: $ 17,179

Target Population: **Public:** 486 **Level(s):** Handicapped

Nonpublic: 30 **Level(s):**

Staff:	**Full-Time**	**Part-Time**
Professional		
Paraprofessional		
Clerical		
Other		

Description of Project:

The goal of this project is to improve a variety of affective relationships impacting on the Special Education child through curriculum modification and instruction in the arts.

The project provides training for teachers and supervisory personnel in education in the arts and affective education for use with exceptional students. Instructional support is provided to selected teachers and students through workshops and demonstration lessons. A curriculum guide emphasizing exemplary field-based practices which integrate affective education and instruction in the arts for exceptional students is being developed.

Source of Funds: ESEA - Title IV, Part C

Name of Project: DIAL-A-TEACHER ASSISTANCE (DATA Line)

Administrator: Dr. Edmund J. Forte

Headquarters: Board of Education Building
Room 118

Phone Number: 299-7819

Grant Period: 10/1/81 - 6/30/82

Grant Amount: $ 158,962 *

Target Population: Public: 16,000 Level(s): 1-12
Nonpublic: 4,000 Level(s): 1-12

Staff:	Full-Time	Part-Time
Professional		16
Paraprofessional		
Clerical		
Other		

Description of Project:

DATA Line (Dial-A-Teacher-Assistance) is a telephone hot line operated four nights per week from 5:00 to 8:00 p.m. Specially selected and trained teachers are available to answer telephone calls from parents trying to help their children with homework assignments and from students themselves. The DATA Line teachers each night represent a variety of disciplines and grade levels.

A separate telephone line is available at all times to assist Spanish speaking parents and students. Confidentiality of parents and children is protected. Callers who request assistance with matters other than homework are referred to appropriate offices.

* 10/1/80 - 11/30/81 = $99,450
12/1/81 - 6/30/82 = $59,512

Source of Funds: ESEA - Title IV, Part C

Name of Project: EDUCATIONAL ASSESSMENT CLASSES

Administrator: Dr. John C. Abbott

Headquarters: Stevens Administrative Center

Room 201 Phone Number: 351-7186

Grant Period: 10/1/81 - 6/30/82 Grant Amount: $ 31,084

Target Population: Public: 100 Level(s): Handicapped

Nonpublic: N/A Level(s):

Staff:	Full-Time	Part-Time
Professional		
Paraprofessional		
Clerical		
Other		1

Description of Project:

The goal of this project is to develop and implement a series of Educational Assessment Classes (EAC) for "diagnostically difficult" students in grades K-2. The Educational Assessment Class is a short term (4-6 weeks) placement in which intensive diagnostic prescriptive teaching methods are employed. The EAC is designed for those students (1) for whom the initial evaluation by the school-based Child Study Evaluation Team (CSET) did not yield sufficient data to ascertain the student's primary handicapping condition; (2) for whom more definitive information is needed regarding the student's current levels of functioning; and (3) for those students who are not progressing academically in their current special education assignment despite attempts to pinpoint the problem by their teacher.

Source of Funds: ESEA - Title IV, Part C

Name of Project: SPECIAL EDUCATION ACTIVITY CENTER

Administrator: Dr. John C. Abbott

Headquarters: Stevens Administrative Center
Room 201 Phone Number: 351-7186

Grant Period: 11/15/81 - 6/30/82 Grant Amount: $ 30,375

Target Population: Public: 1,800 **Level(s):** Handicapped
Nonpublic: **Level(s):**

Staff:	**Full-Time**	**Part-Time**
Professional		1
Paraprofessional		1
Clerical		1
Other		

Description of Project:

The Special Education Activity Center currently provides a variety of ways for teachers to individualize and enrich the learning environment in their classrooms. At this time support is provided through:

1. Formal workshops and staff development programs.
2. Videotaping and microteaching.
3. Make available supplies and consultant services for construction of teacher-made materials.
4. In-service courses.
5. The establishment of informal discussion groups among interested teachers on topic they have chosen.
6. Media and materials support through the development of a local media and materials resource center with specific linkages to Pennsylvania's Regional Center Network and the National Center on Educational Media and Materials for the Handicapped.

ESEA - TITLE IX, PART A

(P.L. 95-561)

This Act provides funds to meet the educational needs of gifted and talented children in addition to providing in-service training of personnel to teach these children.

Source of Funds: ESEA - Title IX, Part A

Name of Project: SECONDARY ALTERNATIVES IN GIFTED EDUCATION (S.A.G.E.)

Administrator: Dr. John C. Abbott

Headquarters: Stevens Administrative Center
Room 201 Phone Number: 351-7186

Grant Period: 9/1/81 - 6/30/82 Grant Amount: $ 63,000

Target Population: Public: 100 Level(s): Secondary
Nonpublic: ______ Level(s): ______

Staff:	Full-Time	Part-Time
Professional	1	
Paraprofessional		
Clerical		
Other		

Description of Project:

A Resource Training Center has been established for the purpose of housing facilities, staff and materials as resources for gifted students, their educators and parents. A diagnostic-prescriptive procedure is being developed and designed for improvement of assessment practices in order to locate and program more adequately for disadvantaged students. Curricular modifications of regular school curricula for secondary students using a multidisciplinary approach are being developed and designed.

CAREER EDUCATION INCENTIVE ACT

Funds provided through this Act may be used to support demonstration projects which are designed to result in exemplary career education models for both elementary and secondary levels of instruction.

Source of Funds: Career Education Incentive Act

Name of Project: IMPLEMENTING COMPREHENSIVE CAREER EDUCATION

Administrator: Mr. Ross Frazier

Headquarters: J. F. Kennedy Center

6th Floor Phone Number: 875-3827

Grant Period: 10/1/81 - 9/30/82 Grant Amount: $ 12,000

Target Population: Public: N/A Level(s): 10-12

Nonpublic: Level(s):

Staff:	Full-Time	Part-Time
Professional	2	90 (Staff Development)
Paraprofessional		
Clerical		
Other		

Description of Project:

This is a staff development project for secondary school teachers, to guide them in the development of the proper techniques and methods to be used in including career development concepts in the normal high school education program.

HIGHER EDUCATION ACT

Funds are provided to assist colleges to develop and adopt innovative approaches to teacher education and to broaden their programs of teacher education in cooperation with local educational agencies. Funds are also provided to local educational agencies to assist them in planning, establishing and operating teacher centers.

Source of Funds: Higher Education Act
Name of Project: TEACHER CENTERS PROGRAM
Administrator: Dr. Rita C. Altman
Headquarters: Monroe Administrative Center
1st Floor   Phone Number: 351-7044
Grant Period: 10/1/81 - 9/30/82   Grant Amount: $ 168,181
Target Population: Public: 3,200   Level(s): Teachers
Nonpublic: Level(s):

Staff:	Full-Time	Part-Time
Professional	1	
Paraprofessional		
Clerical	1	
Other		

Description of Project:

The Philadelphia Teacher Center is essentially a process--a system for the delivery of services based on ongoing needs assessment for continuing professional education to diversified population of people engaged in the education of students of both public and nonpublic, nonprofit schools located within the boundaries of the School District of Philadelphia. On a year-round basis and through a network of training and resource sites which are geographically distributed within the boundaries of the School District of Philadelphia, the Philadelphia Teacher Center continues to provide an array of flexible offerings. These offerings include:

1. In-service training courses for continuing professional growth and certification maintenance and improvement.
2. Workshops and minicourses designed to address particular concerns or needs identified by the potential users.
3. Consultant services to assist in the development of both curricular and noncurricular responses to particular needs.
4. College and university participation through the University In-service Teacher Education Network. (UITEN)
5. Seminars and other study groups designed to gain skills in the use of research findings and application of methods.
6. Provisions for teachers to impart their expertise.

Source of Funds: Higher Education Act

Name of Project: TEACHER CORPS - PROGRAM '79

BEAVER COLLEGE - YEAR 3

Administrator: Mr. Malcolm Ford

Headquarters: Monroe Administrative Center

3rd Floor Phone Number: 923-5862

Grant Period: 6/1/81 - 5/31/82 Grant Amount: $ 125,914

Target Population: Public: 175 Level(s): Teachers Gr. 5-12

Nonpublic: Level(s):

Staff:	Full-Time	Part-Time
Professional	1	
Paraprofessional		
Clerical	1	
Other		

Description of Project:

The primary thrust of the teacher training component is training for individualized instruction based on the theory that children and adults have their own particular thinking style, their own way of perceiving the world, and dealing with cognitive material. Teacher Corps staff and interns work with teachers from the three site schools to help them assess the needs of their students and develop appropriate curriculum to use in meeting those needs.

The community component of this project is based on general interest workshops offered to community residents (inflation fighting tips, exercise and weight control) and an elected Community Council consisting of community parents and representatives from each site school area. The Community Council serves as a tie between the school and community and brings concerns to the attention of Teacher Corps staff.

The Teacher Corps interns are graduate students at Beaver College where they are working towards a Master's Degree and certification. Supervised by their team leader, they work in the site schools and the communities, developing and implementing programs that are useful to teachers and parents.

Source of Funds: Higher Education Act

Name of Project: TEACHER CORPS - Program '78

TEMPLE - YEAR 4

Administrator: Mr. Malcolm Ford

Headquarters: Monroe Administrative Center

3rd Floor Phone Number: 923-5862

Grant Period: 7/15/81 - 7/14/82 Grant Amount: $ 54,854

Target Population: Public: 210 Level(s): Teachers Gr. K-12

Nonpublic: Level(s):

Staff:	Full-Time	Part-Time
Professional	N/A	
Paraprofessional		
Clerical		
Other		

Description of Project:

Now in its fourth and final year, the goals of the project are to improve basic skills competency, increase career awareness, and, most importantly, develop cooperation and collaboration among three mandated groups: the School District, the community, and the university. Utilizing the services of the Policy Board, the Community Council, the In-Service Committee, and the Teacher Corps program has endeavored to provide services in community education and in staff development programs (for university credit) as the need is felt.

Source of Funds: Higher Education Act

Name of Project: TEACHER CORPS - PROGRAM '79
VILLANOVA - YEAR 3

Administrator: Mr. Malcolm Ford

Headquarters: Monroe Administrative Center
3rd Floor

Phone Number: 923-5862

Grant Period: 6/1/81 - 5/31/82

Grant Amount: $ 78,978

Target Population: Public: 175 Level(s): Teachers Gr. K-12

Nonpublic: Level(s):

Staff:	Full-Time	Part-Time
Professional	N/A	
Paraprofessional		
Clerical		
Other		

Description of Project:

Using a variation of experience-based career education, the project is infusing a comprehensive career education curriculum within the site schools. Much of the activities contained in the curriculum have been drawn from the creativity of the teachers working with the project.

Additionally, community and career related resources are being provided from a parent community council.

The project has four graduate level interns who work in the site schools along with pursuing a Master's Degree in Education from Villanova. Their activities are coordinated by a Team Leader.

Site school teachers are receiving in-service training from the professional faculty of Villanova University. A comprehensive K-12 curriculum guide has been introduced to the site school teachers for infusion into their existing curriculum. This guide is supported by a number of resource speakers and materials and visitation to sites identified by the economic community.

Mr. **Weiss**. Thank you, Mr. Rosica.
Mr. Simering.

STATEMENT OF JEFFREY A. SIMERING, WASHINGTON REPRESENTATIVE, CHICAGO BOARD OF EDUCATION

Mr. **Simering**. Good morning, Mr. Chairman, members of the committee. I am Jeff Simering, Washington representative of the Chicago Public Schools. I am testifying on behalf of Superintendent Ruth Love and the Chicago Board of Education who are very pleased that the Subcommittee on Intergovernmental Relations is inquiring into the effect of the 1981 ECIA block grant consolidations on local educational agencies.

We recognize that much of the subcommittee's business focuses upon the problems of general purpose units of government and we welcome the subcommittee's examination of the unique interplay of intergovernmental relations, of local educational agencies, at both the Federal, State, and local levels, this morning in relation to the ECIA chapter 2 block grant.

Education has historically been the largest single expenditure item of local governments. Comparatively, big city school districts rival the big cities themselves in terms of the level of services delivered and the number of personnel required to deliver those services. I think the Chicago Board of Education could probably best be envisioned as a $1.3 billion enterprise, employing nearly 40,000 people for the purpose of educating the children of Chicago.

Center-city school districts, like the center cities themselves, are rightfully protective of their relationship with the Federal Government. Direct Federal/local relationships developed historically when the cities were forced to come to Washington to fulfill and fill the vacuum created by State neglect.

That vacuum still exists. Whether as a result of fiscal necessity or political antipathy at the State level, that vacuum still exists.

A number of the problems with this education block grant, that we're discussing today, arise directly out of the continuing difficulties in intergovernmental relations between the center-city school districts and the States. Block grants are generally of two types; they're either a Federal/local block grant type or of the Federal/State variety.

It is no accident that the block grants created in the 1981 Reconciliation Act, including the education block grant, are of the Federal/State, rather than the Federal/local variety.

Prior to the Reagan administration's block grants, the most recent block grants enacted by Congress were Federal/local relationships primarily. I cite, for example, the community development block grant, where entitlements are provided to the metropolitan cities and urban counties; I cite the CETA block grant which is a consolidation of nine manpower programs where the relationship was one with local prime sponsors; and also cite the general revenue sharing which is basically a Federal-local responsibility.

The Federal-State type block grants, however, reduce the Federal role in addressing national problems in favor of a State role.

The Federal-State block grants also eliminate that direct Federal-local relationship which has slowly been institutionalized over the past century mainly by urban areas.

Now, President Reagan is claiming that the States can now take over the responsibilities for assisting big cities in all other local governments within their jurisdiction. But the experiences of Chicago and most of the great city school systems, I am afraid, contradict the President.

We have found that when the State has an opportunity to assist school districts, the State disproportionately neglects the major center city school systems. This is the same historical pattern which forced the cities to originally turn to Washington.

For this and numerous other practical and pragmatic reasons, the Chicago Board of Education just cannot lend its support to the chapter 2 block grant. And, in fact, we are leery of any Federal education program or proposal that bears a block grant label.

The problem lies in the significant discrepancies between the concept of the block grant and the reality of the implementation of the block grant.

As the chairman mentioned, some of the problems can probably be traced to the reconciliation process where there was virtually no committee consideration or analysis.

Issues, such as the selection of programs to be consolidated; the disproportionate detriment to certain categories of grant recipients, the unprecedented lack of any hold harmless provisions—an omission that I am not aware of in any other block grant that has ever occurred in the past decade, at least—the disproportionate windfall in terms of funding to certain categories of grant recipients, and a variety of omissions and ambiguities in the law; all of which could have been addressed through the committee process, but the opportunity was not there.

The block grant, in theory, was designed to reduce Federal redtape and control, and increase participant flexibility. In actuality, I must say that the block grant has accomplished those purposes.

Superintendent Love has definitely more flexibility now to effectively implement board priorities and meet pressing needs.

But I think the critical issue is what level of sacrifice is required of school districts in order to receive this block grant flexibility. The figures presented here today by the Great City Schools demonstrate that this sacrifice was so severe as to make the increased block grant flexibility comparatively insignificant.

The drop in funding under chapter 2 went from $484 million awarded for fiscal year 1982 as compared to $724 million which was awarded in the year preceding the chapter 2 enactment.

The Education Department has not helped the situation in terms of its administration of the block grant. As Dr. Casserly mentioned, the Education Department has significantly ignored the rulemaking strictures in the General Education Provisions Act and the Administrative Procedures Act. They proceeded to implement funding formulas while the process was still in rulemaking while the process was open for public comment. And, for that matter, while Chicago had comments into the Department of Education regarding the distribution of the funds, the Department was already approving State distribution formulas.

The concept behind the education block grant was that all school districts could participate. However, with a total funding cut of over a third, universal participation in the block grant, I think is analogous to trying to feed the multitudes with seven loaves of bread and seven fish. Diffusing the block grant among all 16,000 school districts resulted literally in robbing Peter to pay every Tom, Dick, and Harry.

It is the center city school districts that have come up on the negative side of this block grant equation.

Now, on the high side of this block grant equation, are school districts which have never participated in Federal programs previously, generally small school districts—a rather curious award for nonparticipation. And also on the winning side of this block grant equation are the nonpublic schools in the country.

Under Federal antecedent programs, Chicago provided $400,000 to the nonpublic schools. Under the block grant, the share of the nonpublic schools within Chicago went up to $1 million in materials and services. In addition, we were required to administer those funds.

The State departments of education, I should mention, at least by my calculations, absorb virtually no reductions in their major antecedent programs under chapter 2.

In short, the cuts were absorbed at the local level mainly by the urban school districts. And even the provision put into legislation to attempt to mitigate that loss, I am afraid, has been read out of the statute by the Department of Education. That particular provision said that a high-cost child adjustment should be made for local education agencies with the greatest numbers and percentages of high-cost children.

The Department, in their manipulative interpretation of this particular statutory provision, read out of the statute the words "greatest number and percentages" and thereby interpreted that provision to leave any LEA with even one high-cost kid to receive an adjusted allotment. Any school district in the State of Illinois with one high-cost child receives an adjusted high-cost allotment.

I probably should mention, in addition, that the Chicago Board of Education has not necessarily been gutted by the block grant reconciliation/rescission legislation. In actuality, we came up with an increase, you could say, on paper, until these deceptive figures are analyzed; until you subtract out the nonpublic school share; until you subtract out the fact that our block grant in the second year of implementation is going down almost a half a million dollars.

What was actually gutted in Chicago was the prospects and the opportunities of Chicago. Chicago had not begun to participate in the emergency school aid program except in 1981. So, really, we didn't lose much of our antecedent funding. In short, Chicago couldn't lose what we never had.

What we had, however, was to begin to implement a desegregation plan voluntarily under a consent decree reached jointly with the U.S. Department of Justice. This desegregation program involving educational improvements and curriculum incentives were exceedingly expensive, and we recognized that. But when we entered into the consent decree we provided a provision which the Justice Department agreed to, which provided that the board of education, but as well, the United States of America was obligated to, and I quote: "make every good faith effort to find and provide every available form of financial resources adequate for the implementation of the desegregation plan."

This is a unique provision in that the Chicago consent decree constitutes a binding obligation of the United States to assist the board of education in funding the Chicago desegregation plan.

The administration, however, claims that because of the block grant consolidation, and because of the repeal of the ESAA program, that that somehow obviates their responsibility under the consent decree. And they secondarily claimed that there are no funds available to provide Chicago, under current statutory law, under the current grant programs.

I find that exceedingly difficult to believe that there are no available funds to implement this consent decree financial provision when $90 billion in intergovernmental fiscal assistance is provided every year by the Federal Government.

As a result of the administration's position, the Chicago Board of Education was forced to petition the court to enforce our financial provision in the consent decree.

To date, the U.S. district court in Illinois, and the U.S. 7th Circuit Court of Appeals have upheld the obligation of the United States to assist the board of education financially in the implementation of the Chicago desegregation plan.

The court has found the United States has breached its obligation to Chicago and has remanded additional hearings on the amount of the U.S. obligation herein. The administration has attempted to obscure that obligation with constitutional arguments, but the court found it unnecessary to reach those constitutional issues since narrower grounds for decision were present.

It should be noted that in the Chicago desegregation funding controversy the block grant legislation is again being used to rationalize the administration's policy of specific and severe detriment to a particular school district—Chicago.

In theory, a block grant could be crafted to accomplish commonly agreed purposes of simplicity and flexibility without disproportionate dislocation.

The chapter 2 block grant, however, was stampeded to enactment, not so much for its merits but for its attendant impact on budgetary policy. It is apparent from the current Chicago funding controversy that the chapter 2 block grant still serves the attendant policy of budget constraint. Conceptually, the block grant is enticing. However, the reality of chapter 2 has been harsh and unfair to at least one category of grant recipients: the big city schools.

Thank you, Mr. Chairman.

Mr. WEISS. Thank you, Mr. Simering.

[The prepared statement of Mr. Simering follows:]

TESTIMONY OF JEFFREY A. SIMERING
WASHINGTON REPRESENTATIVE OF THE CHICAGO BOARD OF EDUCATION
BEFORE THE INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE OF THE U.S. HOUSE OF REPRESENATATIVES

I AM JEFF SIMERING, WASHINGTON REPRESENTATIVE OF THE CHICAGO BOARD OF EDUCATION. I AM TESTIFYING ON BEHALF OF SUPERINTENDENT RUTH LOVE AND THE CHICAGO BOARD, WHO ARE PLEASED THAT THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS IS INQUIRING INTO THE EFFECT OF THE 1981 ECIA BLOCK GRANT CONSOLIDATION ON LOCAL EDUCATIONAL AGENCIES (LEAs). WE RECOGNIZE THAT MUCH OF THE SUBCOMMITTEE'S TIME FOCUSES UPON THE PROBLEMS OF SO-CALLED GENERAL PURPOSE UNITS OF GOVERNMENT, AND WELCOME THE SUBCOMMITTEE'S EXAMINATION OF THE UNIQUE INTERPLAY OF INTERGOVERNMENTAL RELATIONSHIPS (AT THE FEDERAL, STATE, AND LOCAL LEVELS) OF THE LOCAL EDUCATIONAL AGENCY, THIS MORNING IN RELATION TO THE ECIA CHAPTER 2 EDUCATION BLOCK GRANT.

LOCAL EDUCATIONAL AGENCIES ARE RATHER UNIQUE UNITS OF LOCAL GOVERNMENT. SOME ARE INDEPENDENT OF ANY OTHER LOCAL GOVERNMENTAL ENTITY WITH THEIR OWN TAXING AUTHORITY, WHILE OTHERS ARE FISCALLY DEPENDENT UPON THEIR COUNTY OR CITY GOVERNMENT. THE CHICAGO SCHOOL SYSTEM IS A FISCALLY INDEPENDENT UNIT OF LOCAL GOVERNMENT.

EDUCATION HAS HISTORICALLY BEEN THE LARGEST SINGLE EXPENDITURE ITEM OF LOCAL GOVERNMENTS. COMPARATIVELY, THE BIG CITY SCHOOL DISTRICTS RIVAL THE BIG CITIES, THEMSELVES, IN TERMS OF THE LEVEL OF SERVICES DELIVERED AND THE NUMBER OF PERSONNEL REQUIRED TO DELIVER SUCH SERVICES. THE CHICAGO BOARD OF EDUCATION HAS A CURRENT BUDGET OF OVER $1.3 BILLION AND EMPLOYS NEAR 40,000 PEOPLE TO SERVE CHICAGO'S CHILDREN.

THE CENTER CITY SCHOOL DISTRICTS, LIKE THE CENTER CITIES, ARE RIGHTFULLY PROTECTIVE OF THEIR RELATIONSHIP WITH THE FEDERAL GOVERNMENT. DIRECT FEDERAL-LOCAL RELATIONS DEVELOPED HISTORICALLY WHEN THE CENTER CITIES WERE FORCED TO TURN TO WASHINGTON FOR ASSISTANCE IN ADDRESSING THEIR SEVERE PROBLEMS WHEN LITTLE ASSISTANCE WAS FORTHCOMING FROM THEIR OWN STATE GOVERNMENTS. THE FEDERAL GOVERNMENT FILLED THE VACUUM CREATED BY STATE NEGLECT. THAT VACUUM STILL EXISTS, WHETHER AS A RESULT OF FISCAL NECESSITY OR POLITICAL ANTIPATHY.

A NUMBER OF THE PROBLEMS WITH THE EDUCATION BLOCK GRANT ARISE DIRECTLY OUT OF THE CONTINUING DIFFICULTIES IN INTERGOVERNMENTAL RELATIONS BETWEEN THE CENTER CITY SCHOOL DISTRICTS AND THE STATES. BLOCK GRANTS ARE EITHER

OF THE FEDERAL-LOCAL OR FEDERAL-STATE VARIETY. IT IS NO ACCIDENT THAT ALL THE BLOCK GRANTS CREATED IN THE 1981 RECONCILIATION ACT, INCLUDING THE EDUCATION BLOCK GRANT, ARE OF THE FEDERAL-STATE, RATHER THAN FEDERAL-LOCAL VARIETY. PRIOR TO THE REAGAN BLOCK GRANTS OF 1981, THE MOST RECENT BLOCK GRANTS ENACTED BY CONGRESS WERE FEDERAL-LOCAL RELATIONSHIPS PRIMARILY (COMMUNITY DEVELOPMENT BLOCK GRANTS, CETA, AND EVEN GENERAL REVENUE SHARING). FEDERAL-STATE BLOCK GRANTS REDUCE THE FEDERAL ROLE IN ADDRESSING NATIONAL PROBLEMS IN FAVOR OF AN EXPANDED STATE ROLE. FEDERAL-STATE BLOCK GRANTS ALSO ELIMINATE THE DIRECT FEDERAL-LOCAL RELATIONSHIP WHICH HAS BEEN SLOWLY INSTITUTIONALIZED IN OUR FEDERAL SYSTEM OF GOVERNMENT OVER THE LAST CENTURY. PRESIDENT REAGAN CLAIMS THAT THE STATES NOW CAN TAKE OVER THE RESPONSIBILITY OF ASSISTING THE BIG CITIES AND ALL OTHER LOCAL GOVERNMENTS WITHIN THEIR JURISDICTIONS. THE EXPERIENCES OF CHICAGO AND MOST OF THE GREAT CITY SCHOOL SYSTEMS, HOWEVER, CONTRADICT THE PRESIDENT. WE HAVE FOUND THAT WHEN THE STATE HAS AN OPPORTUNITY TO ASSIST SCHOOL DISTRICTS, THE STATE DISPROPORTIONATELY NEGLECTS THE MAJOR CENTER CITY SCHOOL SYSTEM. THIS IS THE SAME HISTORICAL PATTERN WHICH FORCED CITIES ORIGINALLY TO TURN TO WASHINGTON.

FOR THIS AND NUMEROUS OTHER PRACTICAL AND PRAGMATIC REASONS THE CHICAGO BOARD OF EDUCATION CANNOT LEND ITS SUPPORT TO THE ECIA CHAPTER 2 BLOCK GRANT, AND IS LEERY OF ANY FEDERAL EDUCATION PROGRAM OR PROPOSAL WHICH BEARS

A BLOCK GRANT LABEL. THE PROBLEM LIES IN THE SIGNIFICANT DISCREPANCIES BETWEEN THE CONCEPT OF THE BLOCK GRANT AND THE REALITY OF ITS IMPLEMENTATION.

SOME OF THE DIFFICULTIES WITH THE EDUCATION BLOCK GRANT CAN BE TRACED TO THE RECONCILIATION PROCESS THROUGH WHICH THE BLOCK GRANT ENACTMENT OCCURRED WITH VIRTUALLY NO COMMITTEE CONSIDERATION OR ANALYSIS. THE ECIA BILL WAS DRAFTED TO BE A MARK-UP DOCUMENT, WHICH COULD BE REFINED DURING COMMITTEE CONSIDERATION. ISSUES, SUCH AS THE SELECTION OF PROGRAMS TO CONSOLIDATE, THE DISPROPORTIONATE DETRIMENT TO CERTAIN CATEGORIES OF GRANT RECIPIENTS, THE UNPRECEDENTED LACK OF ANY HOLD HARMLESS PROVISIONS (AN OMISSION WHICH CANNOT BE FOUND IN ANY OTHER BLOCK GRANT),THE DISPROPORTIONATE WINDFALL OF CERTAIN CATEGORIES OF GRANT RECIPIENTS, AND A VARIETY OF OMISSIONS AND AMBIGUITIES, COULD HAVE BEEN ADDRESSED DURING THE COMMITTEE PROCESS. THESE ISSUES ARE CONTROVERSIAL ENOUGH TO HAVE RESULTED IN PRESIDENT REAGAN'S VETO OF A TECHNICAL AMENDMENTS BILL TO CORRECT SOME OF THESE LEGITIMATE CONCERNS. EVEN WITH TECHNICAL AMENDMENTS, HOWEVER, MANY OF THE PROBLEMS ARE ENDEMIC.

THE BLOCK GRANT, IN THEORY, WAS DESIGNED TO REDUCE FEDERAL RED TAPE AND CONTROL, AND TO INCREASE RECIPIENT FLEXIBILITY AND DISCRETION IN THE USE OF THE FUNDS. IN

ACTUALITY, THE EDUCATION BLOCK GRANT HAS ACCOMPLISHED THIS PURPOSE. THE CHAPTER 2 FUNDS HAVE PROVIDED SUPERINTENDENT LOVE WITH THE FLEXIBILITY TO MORE EFFECTIVELY IMPLEMENT BOARD PRIORITIES AND MEET PRESSING NEEDS. THE CRITICAL ISSUE, HOWEVER, IS WHAT LEVEL OF SACRIFICE IS REQUIRED OF SCHOOL DISTRICTS IN ORDER TO RECEIVE SUCH BLOCK GRANT FLEXIBILITY. FIGURES PRESENTED HERE TODAY BY THE COUNCIL OF THE GREAT CITY SCHOOLS DEMONSTRATE THAT THE SACRIFICE IS SO SEVERE AS TO MAKE THE INCREASED BLOCK GRANT FLEXIBILITY COMPARATIVELY INSIGNIFICANT. UNDER THE CHAPTER 2 PROGRAM $484 MILLION WAS AWARDED FOR FY82, COMPARED TO $724 MILLION WHICH WAS AWARDED IN THE YEAR PRECEDING CHAPTER 2 ENACTMENT (FY80).

U.S. DEPARTMENT OF EDUCATION EFFORTS TO PROMOTE SIMPLICITY IN THE IMPLEMENTATION OF THE CHAPTER 2 BLOCK GRANT AND TO REDUCE RED TAPE HAVE RESULTED IN A NUMBER OF PROBLEMS. FROM OUR PERSPECTIVE, MANY OF THESE PROBLEMS HAVE YET TO BE REMEDIED. AT THE OUTSET THE DEPARTMENT OF EDUCATION CLAIMED THAT IT DID NOT HAVE TO ISSUE REGULATIONS, BUT NONETHELESS WOULD DO SO IN LIMITED AREAS. ONCE DECIDING TO DO SO, THE DEPARTMENT IGNORED ALL GENERAL EDUCATION PROVISIONS ACT AND ADMINISTRATIVE PROCEDURE ACT RULEMAKING STRICTURES BY PROCEDING TO APPROVE A NUMBER OF STATE CHAPTER 2 FUNDING DISTRIBUTION

FORMULAE WHILE THE CONTROLING REGULATION WAS STILL OPEN FOR PUBLIC COMMENT. IT IS LITTLE WONDER WHY CHICAGO FINDS THE DEPARTMENT OF EDUCATION UNRESPONSIVE TO OUR COMMENTS WHEN THEY ARE ALREADY IMPLEMENTING THE PROVISION UPON WHICH WE WERE COMMENTING.

IN THE DEPARTMENT'S ZEAL TO DEREGULATE, LITTLE EFFORT WAS EXPENDED TO ENSURE THAT IN-STATE DISTRIBUTION FORMULAE MET STATUTORY REQUIREMENTS. IN FACT, THE ECIA STATUTE WAS MANIPULATED INTERPRETIVELY, OFTEN IGNORING CLEAR LEGISLATIVE HISTORY, IN ORDER TO ALLOW THE STATES A FREE HAND IN DECIDING WHETHER TO TARGET SUBSTANTIVE PORTIONS OF THE FUNDS AND WHETHER TO CONSIDER THE NEEDS OF DESEGREGATING SCHOOL DISTRICTS. ADDITIONALLY, THE DEPARTMENT INDICATED THAT IT WOULD DEFER TO THE STATE INTERPRETATION OF THE ECIA STATUTE IN INSTANCES OF AMBIGUITY, UNLESS THE STATE'S INTERPRETATION WAS CLEARLY ERRONEOUS. THE ABDICATION OF FEDERAL ADMINISTRATIVE RESPONSIBILITY TO ANY INTERPRETATION WITH SOME MINIMUM RATIONAL BASIS, WE FEEL IS CAUSE FOR CONCERN.

THE CONCEPT BEHIND THE EDUCATION BLOCK GRANT WAS THAT ALL SCHOOL DISTRICTS COULD PARTICIPATE. HOWEVER, WITH TOTAL FUNDING CUT BY OVER ONE-THIRD, UNIVERSAL PARTICIPATION IN THE BLOCK GRANT WAS ANALOGOUS TO TRYING TO FEED THE MULTITUDES WITH 7 LOAVES OF BREAD AND 7 FISH. THAT MIRACLE HAS ONLY BEEN DONE ONCE IN HISTORY, EVEN WITH OMB DOING THE COUNTING. DIFFUSING BLOCK GRANT FUNDING TO ALL SCHOOL DISTRICTS RESULTED IN ROBBING PETER TO PAY EVERY

TOM, DICK, AND HARRIET. IT IS THE CENTER CITY SCHOOL DISTRICTS WHICH HAVE COME UP ON THE NEGATIVE SIDE OF THIS BLOCK GRANT EQUATION.

ON THE HIGH SIDE OF THE BLOCK GRANT EQUATION ARE SCHOOL DISTRICTS WHICH NEVER PARTICIPATED ACTIVELY IN PREVIOUS FEDERAL PROGRAMS (GENERALLY SMALLER SCHOOL DISTRICTS) AND THE NONPUBLIC SCHOOLS OF THE COUNTRY. IN CHICAGO THE NONPUBLIC SCHOOL PARTICIPATION IN FEDERAL ANTECEDENT PROGRAMS WAS $400 THOUSAND, WHILE UNDER THE BLOCK GRANT THE CHICAGO BOARD OF EDUCATION PROVIDED THE NONPUBLIC SCHOOLS WITH $1 MILLION IN MATERIALS AND SERVICES. IN ADDITION THE PUBLIC SCHOOL SYSTEM IS REQUIRED TO ADMINISTER THE FUNDS USED BY THE NONPUBLIC SCHOOLS. FINALLY, THE STATE DEPARTMENTS OF EDUCATION ABSORBED VIRTURALLY NO REDUCTIONS IN THEIR MAJOR ANTECEDENT PROGRAMS UNDER CHAPTER 2. IN SHORT, THE CUTS WERE ABSORBED AT THE LOCAL LEVEL, MAINLY BY THE URBAN SCHOOL DISTRICTS. EVEN THE PROVISION PLACED IN THE ECIA STATUTE TO MITIGATE THE EFFECTS OF THE CONSOLIDATION, THE HIGH COST CHILD ADJUSTMENT FOR LEAs WITH THE GREATEST NUMBERS OR PERCENTAGES OF HIGH COST CHILDREN, WAS INTERPRETED BY THE DEPARTMENT OF EDUCATION TO READ OUT OF THE STATUTE THE WORDS "GREATEST NUMBERS OR PERCENTAGE," THEREBY LEAVING ANY LEA WITH EVEN ONE HIGH COST CHILD TO RECEIVE AN ADJUSTED ALLOTMENT, INSTEAD OF ONLY LEAs WITH CONCENTRATIONS OF SUCH CHILDREN (ECIA SEC. 565).

CONCEPTUALLY, THE BLOCK GRANT WAS TOUTED TO BE MUCH MORE COST EFFECTIVE THAN THE CATEGORICAL FEDERAL PROGRAM APPROACH WHICH IT REPLACED. HOWEVER, THE ACIR STUDIES OF THE VARIOUS PREDECESSOR BLOCK GRANTS INDICATE THAT ADMINISTRATIVE COST SAVINGS IN SHIFTING TO A FEDERAL-STATE BLOCK GRANT WERE APPROXIMATELY TWO PERCENT (2%). A TWO PERCENT (2%) SAVINGS WILL NOT EVEN BEGIN TO MITIGATE THE THIRTY-THREE PERCENT (33%) FUNDING CUT WHICH ACCOMPANIED THE BLOCK GRANT.

AGAIN THE BLOCK GRANT CONCEPT BECAME THE FACADE UPON WHICH MASSIVE BUDGET CUTS IN CATEGORICAL PROGRAMS WERE RATIONALIZED. PASSED WITHIN A MONTH OF EACH OTHER, THE BLOCK GRANT/RECONCILIATION-RECISSION LEGISLATION CANNOT BE VIEWED INDEPENDENTLY. INDIVIDUALLY, EACH WAS SEVERE; JOINTLY THEIR IMPACT WAS DEVASTATING TO MOST CENTER CITY SCHOOL DISTRICTS.

CHICAGO IS ONE OF THE FEW MAJOR CITY SCHOOL DISTRICTS WHOSE FEDERAL AID WAS NOT GUTTED BY THE BLOCK GRANT/RECONCILIATION-RECISSION LEGISLATION, ALTHOUGH WE EXPERIENCED A TEN PERCENT (10%) REDUCTION. IN FACT, UNDER SOLELY THE BLOCK GRANT, CHICAGO RECEIVED AN INCREASE IN FUNDS COMPARED TO FUNDING UNDER THE ANTECEDENT PROGRAMS ($6.3 MILLION UNDER THE BLOCK GRANT COMPARED TO $5.4 MILLION UNDER THE ANTECEDENT PROGRAMS).

THESE FIGURES, HOWEVER, ARE DECEPTIVE SINCE THE NONPUBLIC SCHOOLS SHARE OF CHICAGO'S FUNDING UNDER THE BLOCK GRANT INCREASED FROM $400 THOUSAND FOR ANTECEDENT PROGRAMS TO $1 MILLION). WITH THE FUNDING CUT UNDER THE STATE'S BLOCK GRANT FORMULA REVISION THIS YEAR CHICAGO HAS NOW FALLEN BELOW ITS ANTECEDENT PROGRAM LEVEL, AND WILL FALL FURTHER BELOW THE ANTECEDENT LEVEL WHEN THE FOLLOW-THROUGH CATEGORICAL AUTHORITY IS CONSOLIDATED AT THE END OF THE CURRENT FISCAL YEAR.

WHILE CHICAGO'S FEDERAL FUNDING COULD NOT BE SAID TO BE GUTTED BY THE EVENTS OF THE INFAMOUS SUMMER OF 1981, IT CAN BE STATED ACCURATELY THAT CHICAGO'S PROSPECTS AND OPPORTUNITIES WERE GUTTED. CHICAGO HAD ONLY BEGUN TO PARTICIPATE IN THE EMERGENCY SCHOOL AID (DESEGREGATION ASSISTANCE) PROGRAM IN 1981, HENCE CHICAGO DID NOT HAVE THE SAME LEVEL OF ANTECEDENT FUNDING AS OTHER DESEGREGATING CITY SCHOOL DISTRICTS. IN SHORT, CHICAGO COULDN'T LOSE WHAT IT NEVER HAD.

CHICAGO BEGAN IMPLEMENTING ITS DESEGREGATION PLAN VOLUNTARILY UNDER A CONSENT DECREE REACHED JOINTLY WITH THE U.S. DEPARTMENT OF JUSTICE. THE FOUNDATION OF THE PLAN IS THE PROVISION OF EDUCATIONAL IMPROVEMENTS AND CURRICULAR INCENTIVES TO ENCOURAGE CHICAGO PARENTS TO VOLUNTARILY ENROLL THEIR CHILDREN IN DESEGREGATING SETTINGS. AS A PRACTICAL MATTER OF LARGE CITY

DEMOGRAPHICS, THE PLAN RECOGNIZES THE NECESSITY THAT A NUMBER OF SCHOOLS WILL REMAIN BLACK AND HISPANIC, REQUIRING SUBSTANTIAL EFFORTS TO REMEDY ANY DETRIMENTAL EFFECTS OF ISOLATION. THIS APPROACH AGREED UPON WITH THE U.S. DEPARTMENT OF JUSTICE IN SEPTEMBER OF 1980 WAS RECOGNIZED AS A VERY COSTLY DESEGREGATION PLAN. FOR THIS REASCN THE CONSENT DECREE WHICH WAS SIGNED BY BOTH THE BOARD OF EDUCATION AND THE UNITED STATES PROVIDES THAT THE BOARD OF EDUCATION AND THE UNITED STATES ARE OBLIGATED:

> "to make every good faith effort
> to find and provide every available form
> of financial resources adequate for
> the implementation of the desegregation plan."

THIS UNIQUE PROVISION OF THE CHICAGO CONSENT DECREE CONSTITUTES A BINDING OBLIGATION OF THE UNITED STATES TO ASSIST THE BOARD IN FUNDING THE CHICAGO DESEGREGATION PLAN. THE REAGAN ADMINISTRATION, HOWEVER, CLAIMS THAT THE REPEAL OF THE ESAA GRANT PROGRAM SOMEHOW OBVIATES THEIR BOLIGATIONS UNDER THE CONSENT DECREE SINCE THEY CLAIM TO HAVE NO AVAILABLE FUNDING TO PROVIDE TO CHICAGO UNDER CURRENT GRANT PROGRAMS.

AS A RESULT OF THE ADMINISTRATION'S POSITION ON THIS

MATTER, THE CHICAGO BOARD OF EDUCATION WAS FORCED TO PETITION THE COURT TO ENFORCE THE FINANCIAL PROVISION OF THE CONSENT DECREE. TO DATE THE U.S. DISTRICT COURT FOR ILLINOIS AND THE U.S. 7TH CIRCUIT COURT OF APPEALS HAS UPHELD THE OBLIGATION OF THE UNITED STATES TO ASSIST THE BOARD FINANCIALLY IN THE IMPLEMENTATION OF THE CHICAGO PLAN. THE COURT HAS FOUND THAT THE UNITED STATES HAS BREACHED ITS OBLIGATION TO CHICAGO WITH FURTHER HEARINGS ON TH AMOUNT OF THE OBLIGATION TO BE CONDUCTED IN DISTRICT COURT. IN THE INTERIM THE COURT UPHELD AN INJUNCTION OVER $48 MILLION IN FEDERAL PROGRAM FUNDS WHICH HAVE BEEN FOUND TO BE AVAILABLE TO FINANCIALLY AID CHICAGO.

ALTHOUGH THE ADMINISTRATION ATTEMPTED TO OBSCURE ITS OBLIGATION TO CHICAGO WITH CONSTITUTIONAL ARGUMENTS, THE COURT FOUND IT UNNECESSARY TO REACH THE CONSTITUTIONAL QUESTION SINCE NARROWER GROUNDS FOR DECISION WERE PRESENT.

IT SHOULD BE NOTED IN THE CHICAGO DESEGREGATION FUNDING CONTROVERSY THAT THE BLOCK GRANT CONSOLIDATION LEGISLATION IS AGAIN BEING USED TO RATIONALIZE ADMINISTRATION POLICY OF SPECIFIC AND SEVERE DETRIMENT TO A PARTICULAR SCHOOL DISTRICT, CHICAGO.

IN THEORY, A BLOCK GRANT COULD BE CRAFTED TO ACCOMPLISH THE COMMONLY AGREED PURPOSES OF SIMPLICITY AND FLEXIBILITY WITHOUT DISPROPORTIONATE DISLOCATIONS. THE

CHAPTER 2 BLOCK GRANT , HOWEVER, WAS STAMPEDED TO ENACTMENT NOT SO MUCH FOR ITS INHERENT MERITS, BUT FOR ITS ATTENDANT IMPACT ON BUDGETARY POLICY. IT IS APPARENT FROM THE CURRENT CHICAGO FUNDING CONTROVERSY THAT THE CHAPTER 2 BLOCK GRANT STILL SERVES THE ATTENDANT POLICY OF BUDGETARY CONSTRAINT.

CONCEPTUALLY, THE BLOCK GRANT IS ENTICING, HOWEVER, THE REALITY OF ECIA CHAPTER 2 HAS BEEN HARSE AND UNFAIR TO AT LEAST ONE PARTICULAR CATEGORY OF GRANT RECIPIENT, THE BIG CITY SCHOOLS.

Mr. WEISS. Dr. Britton?

STATEMENT OF DR. LEONARD M. BRITTON, SUPERINTENDENT OF SCHOOLS, DADE COUNTY PUBLIC SCHOOLS, MIAMI, FLA.

Dr. BRITTON. Mr. Chairman, members of the subcommittee, I want to thank you for inviting me here today to present testimony regarding the Department of Education's implementation of chapter 1 and chapter 2. In particular, Congressman MacKay, I appreciate your invitation to attend today's session.

I am wearing two hats today in a way; one, as superintendent of the fourth largest school system in the United States which does represent at the present time 39 percent Hispanic students, 32 percent black, and 29 percent other.

But I also had the opportunity during this last year through the courtesy of our Governor, to serve as the chairman of the State's committee to put together the State plan for implementation in the State of Florida regarding chapter 2.

It was in this context I became very familiar with the intent of the legislation and the purposes for which the Federal Government decided that the block grant concept as such should be implemented.

In general, I would say the process and the intent of Congress has worked well. However, there are some problems I would like to bring to your attention today in this regard.

I have some pros and some cons I would like to bring to your attention, but I am going to direct more of my attention toward what I believe to be that of Congress' role in establishing national priorities and policy issues. And, I would hope that in the end as we look at the matter calmly, that it is not a matter of either/or, but how can we have the best of both of these particular issues. I believe it can be done.

I believe the Congress may well take a look at what the State of Florida did do and use it as a model for how you can put together a plan of the nature that we did, one that involves the people of our State, the local education institutions, the State Government itself, the legislators, and the State department of education, a very interesting amalgam of people who got together and came forth with what I believe is a very sound program.

While the legislation permitted the State education agency to withhold 20 percent of the money for administrative purposes, the committee, as it worked with the Commissioner of Education, decided that only 12½ percent was needed.

I believe this was a significant move in allowing some of the money to be used for programmatic purposes, instead of for administrative purposes.

Second, the committee that was set up very deliberately approached our State legislators and asked them to participate in the development of the State plan for the chapter 2 program. And in this regard, as I believe Congress has its role in establishing national priorities, the State legislature came forth and said that in the State of Florida, during this next year, the elementary foreign language instruction program is a statewide priority and asked and approved, as part of the approved plan, that 7½ percent of the money be made available for that particular purpose.

I believe the Federal Government may look at this, as I say, as a model, and consider the same type of approach in establishing national priorities.

The formula—I need not get into the details of how the State of Florida finally did meet the requirements of the law—is very clear. It is included in the submitted statement. And as has been mentioned here before, one of the problems was the inclusion of the nonpublic school enrollment to a higher degree than we had ever done in the past.

Dade County elected to continue many of the programs that we had in the past. We actually added a program in this regard while the State as a whole did use 51 percent of the money for library media and materials. Where you are concerned with nonrecurring funds, it is very difficult to make decisions to put in reoccurring types of programs that demand recurring types of appropriations.

So there is a tendency to lean toward those kinds of appropriations where in case the funds do not show up next year you will have your money spent on, you may say, nonpeople items.

If you have a copy of my statement before you, I would like to call your attention to page 4. I am not going to read the whole page for you but there are two or three things I would like to point out, that show that local institutions can make their decisions and meet the intent of chapter 2 and yet there are problems inherent in what we are talking about.

If you look down the left-hand column, the kinds of programs that we had implemented in the past, many of them had to be dropped. Many types of children were served with excellent programs. Some very valuable purposes were discontinued.

But on the other hand, what we did as a board was redirect some of our money, particularly under ESAA, because we believe this is one of the more important aspects that, unfortunately, was consolidated into chapter 2. We did redirect more of our money toward ESAA purposes at one point by a 38-percent increase.

The money that we had been spending for such things as replacement of library materials, computer equipment, purchase of science equipment, we were able to decrease because our State, the great State of Florida, saw fit to make it one of its priorities and included in its budget this last year additional categorical funding for that purpose. So we were able to reduce that.

As you will notice, we decreased overall approximately 45 percent in the way of funds that were available to us at one time through the types of programs that are now consolidated under chapter 2.

The issue here is that I cannot leave the concept of chapter 2 implementation without reminding members of this committee of the tremendous negative impact the introduction of chapter 2 programs had upon Dade County. We gave up paperwork—this is true, this is excellent—we gained more flexibility. However, we had to sustain substantial reductions of funds through this enactment, as I have already pointed out.

This was also true for the State of Florida where funding has, over the last 3 years, decreased from $23.7 million down to about $16 million at the present time. Had it not been for the use of the 1980 census, it would have been a catastrophic disaster for the State of Florida with regard to the types of funding that we would have received.

I would like to say Dade County schools, like many other districts, have suffered this financial loss. What we have done is that we have redirected the funds where we believe they would serve the most good.

I would like to point out to the members of the subcommittee that it is important to realize that 80 percent of America's students attend schools in 24 percent of the Nation's school districts. Most of these are large urban centers. I believe this should play a part in your thinking as to where the funds that Congress has available to it should go.

I believe as you establish national priorities, consider ESAA. I have pointed out and you have heard others this morning speak of the many facets of what ESAA is and what it does to provide for the students.

I believe Congress has also the responsibility to consider such areas as refugees, vocational education, bilingual education, math and science, adult illiteracy and higher education standards as priorities where your funds ought to be directed.

The whole issue—and I will jump ahead to the other factor of chapter 1—I believe, is a good example of what can be accomplished through the efforts of the Federal Government, by doing away with the regulations and restrictions that went far beyond the intent of Congress when chapter 1, or title I, as we called it, was implemented. Whenever the administration got into the act and promulgated regulations that hamstrung us, Congress had the courage to come back and institute a chapter 1 type of program that said to the State and local agencies, you will have the greater freedom, less paperwork, and greater flexibility.

A concurrent problem in that regard, though, is that somewhere down the line a danger may come in. As the administration gets back into the game and promulgates the rules as to how school districts are audited, it may present us with some difficulties. We believe, from our point, that we understand the intent of Congress and that must be paramount.

The State of Florida has had the courage to work with Dade County and institute some very innovative approaches to chapter 1, in which many of our schools for the first time have reduced classes to 15 to 1 based upon some interpretations we believe are extant within the law.

We would hope that, at the national level, Congress, in working with the administration, will support the State commissioner of education and the State administration in permitting school districts to do those kinds of things that need to be done without imposing upon it unnecessarily, as I call them, auditing restrictions.

We believe that the people of our community; we believe that the elected officials, particulary the school board; we believe that the commissioner of education; and we believe that our State legislators who are elected by the people, are very intelligent people who speak for the people of our State and can make responsible and reasonable judgments. Every effort must be made to be certain that chapter 1 is never consolidated into a block grant approach such as chapter 2. Whatever must be done must be aggressively resisted in that regard.

The advantages and disadvantages, as I say, I have pointed out at one point or another; the dilution of the funds to those school systems that have never had the need in the past, have no need for the money at the present time; who have drained away from those children in the large urban centers that tend to attract the poor; tend to attract those who are disadvantaged because of exceptionalities, and those who require special services of many, many types.

The money, whatever has to happen on the national level, you, as Congressmen, much recognize that urban centers are high-cost centers which demand special and precise attention.

I have already indicated ESAA. I have already indicated your responsibility with regard to taking a look at the refugees, the poor, the handicapped, vocational-ed, job training, career education.

I was pleased to hear one statement concerning the adult illiteracy program which is a national priority as far as I am concerned; the problems that are growing in mathematics and science, and higher education standards.

Congress has that right. You have that right and you have that responsibility.

Thank you.

Mr. WEISS. Thank you, Dr. Britton.

[The prepared statement of Dr. Britton follows:]

TESTIMONY
ON
THE DEPARTMENT OF EDUCATION'S IMPLEMENTATION OF PROGRAMS AUTHORIZED BY CHAPTERS 1 AND 2 OF THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

BEFORE THE
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND
HUMAN RESOURCES
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS

PRESENTED BY
DR. LEONARD M. BRITTON
SUPERINTENDENT OF SCHOOLS

DADE COUNTY PUBLIC SCHOOLS
MIAMI, FLORIDA
SEPTEMBER 20, 1983

TESTIMONY

Congressman Ted Weiss and members of the Subcommittee on Intergovernmental relations, I am Leonard Britton, Superintendent of the Dade County Public Schools in Miami, Florida. It is indeed an honor to accept your invitation to testify before this Subcommittee in relation to the Department of Education's Implementation of Chapter 1 and 2 of the Education Consolidation and Improvement Act of 1981.

As a preamble, let me state that the Dade County Public Schools, which I represent, is a school district encompassing approximately 2, 109 square miles and serving twenty-seven municipalities and several unincorporated areas. In order that we may effectively serve that constituency, we have 175 elementary schools, 46 junior high schools, 24 senior high schools, 6 special learning centers and a staff of approximately 19,700 full-time and 7,500 part-time employees. The Dade County school district is the fourth largest school district in the nation, and the second largest employer in the State of Florida. Our student population, kindergarten through grade twelve, numbers well over 222,000 and is approximately 39% Hispanic, 31% black non-Hispanic, 29% white non-Hispanic and 1% other.

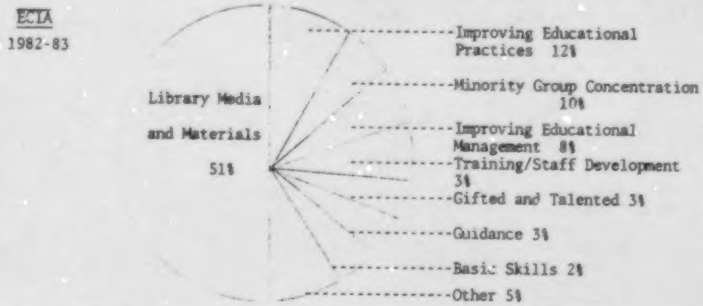
It was my honor to be appointed by Governor Robert Graham to serve as chairman of the State Advisory Council on Chapter 2 in Florida. As such, I became cognizant of the implementation process as initiated by The United States Department of Education, executed by the State of Florida Department of Education, and completed at the district level.

The Council advises the State Department of Education on such matters as the allocation among the authorized functions of funds reserved for State use, the formula for the allocation of funds to local educational agencies, and the planning, development, support, implementation and evaluation of state programs assisted under Chapter 2. In general, the process has worked very well. The members of the Council, who represent various educational interests and the general public, have worked effectively with representatives of the Department of Education, the Governor's Office, and the Legislature. As a result of this concerted effort, Florida's Chapter 2 application was one of the first to be approved by the Secretary.

Although the SEA may reserve 20% of the state's Chapter 2 allocation for use at its discretion, the decision was made to reserve only 12 1/2% for state leadership and technical assistance activities and to utilize the remaining 7 1/2% to support elementary foreign language instruction in school districts willing to match the Chapter 2 funds with local revenue; this instructional program was specified by the legislature as a State priority needing supplemental support. Thirteen LEA's participated in the foreign language program. In Dade County, a multi-lingual, multi-cultural community, the demand for foreign language instruction is great, and the Dade County Public Schools was able to obtain about 78% of the funds. The state legislature, under the leadership of Senator Curtis Peterson, Senate President, endorsed the plan.

A formula for allocating funds to local educational agencies was developed by using as a base the existing *Florida Educational Finance Program*, which includes factors such as number of students with special needs and cost-of-living differntials. An educational achievement factor derived from State Student Assessment Testing and data regarding nonpublic school enrollment were also included in the formula.

The graph below indicates how Florida school districts utilized their Chapter 2 funds for the 1982-83 school year.



Dade County's Chapter 2 Ad Hoc Committee elected to continue antecedent programs, within budgetary limitation, adding only one new program, an alternative vocational education program for potential dropouts at one junior high school. The chart which follows lists the programs that were implemented during the last year of separate funding and the first of the block grant. While the state as a whole used 51% of Chapter 2 funds for library media and materials. Dade County is using approximately one-third of available funds for library materials and instructional equipment.

DADE COUNTY PUBLIC SCHOOLS

Program Name	Antecedent Programs 1981-82	Chapter 2 Programs 1982-83
Subchapter A		
ESEA, Title II		
Tutors-on-Going Partners	$ 31,150	$ 0
Subchapter B		
ESEA, Title IV-C		
New Component for ESOL Program	45,680	0
Education in the Arts for Children with Handicapps - EACH	65,000	0
Bilingual Alternative for Secondary Education - BASE	65,000	0
Law Education Goals and Learning - LEGAL	80,000	94,511*
Student-Parent-Task - SPT	7,500	0
Training for Turnabout Volunteers - TTV	72,000	0
Dropout Prevention and Reduction	12,500	13,833*
Ource Classroom Management	4,652	0
Correlating Arts and Reading Essentials - CARE	5,605	0
Individualized Spanish Career Oriented Materials - ISCOM	122,000	0
Comprehensive Physical Activity - ComPAC	114,070	0
ESEA, Title IV-B		
ESEA - Title IV-B (Overlapping Fiscal Years)	2,661,172	
Replacement of Library Materials		489,373
Computer Education Equipment		250,027
Purchase of Science Equipment		50,269
ESAA		
ESAA - Basic	593,580	
Motivate and Stimulate for Excellence -MASE		255,272*
Elementary School Career Awareness - ESCA		219,435*
Intergroup Relations		345,237
Teacher Corps		
Teacher Corps	65,074	
Center for Urban & Minority Education		93,735
Program originally funded under PL 91-230		
Teaching/Outreach/Parent involvement - TOPS		221,175
Subchapter C		
PL95-207, Career Education Incentive Act		
Articulated School-Base Management Plan for Career Education - ASBMP	10,021	0
New Program		
School Alternative Vocational Education - SAVE		42,627
Evaluation - All Chapter 2 Programs		85,200
SUB-TOTALS	$3,955,004	$2,160,694
State Chapter 2 Funds - Competitive Grants		
Elementary Foreign Language Program		937,212
TOTALS	$3,955,004	$3,097,906

* Programs now included in Subchapter C

The Council members and I will continue to be actively involved as data regarding program implementation is collected and the evaluation process in initiated.

I cannot leave the topic of Chapter 2 implementation without reminding the members of this committee of the tremendous negative impact the introduction of block grants has had on Dade County and other large school districts. In exchange for more program flexibility and less paperwork, Dade County Public Schools has had to sustain substantial reductions of funds through the enactment of Chapter 2.

In the 1981-82 school year, Dade County received $3,955,000 under 16 different programs. These programs were subsequently incorporated into the block grant under Chapter 2 along with 12 other programs from which Dade County was not receiving funds. The funding under the block grant formula was $2, 162,134 for 1982-83 and $2,356,061 for 1983-84. This represents reductions of 45% and 40% as compared to the base year.

These losses were sustained in spite of the fact that Dade County's per pupil allocation for Chapter 2 is the highest in the State of Florida and that Florida sustained a smaller loss than the national average. In 1980-81, Florida's allocation from the original programs was $23.69 million. In 1982-83, Florida's Chapter 2 allocation was $15.79 million--a 33.3% reduction. Nationally, the drop was 44% for the same period. The use of the 1980 census, which reflects the influx of refugees and other growth factors in the state, helped to moderate the loss for Florida.

In addition, as already mentioned, the State of Florida increased by 7 1/2% the funds available to LEA's by offering, through legislative participation, the Elementary Foreign Language Instruction grants.

Like Dade County Public Schools, many other school districts throughout the country have suffered great financial losses. Large city school districts, once the most successful competitors for the categorical aid programs now merged into Chapter 2, have faced devastating reductions. The greatest losses were suffered by cities which had significant ESAA grants supporting their integration efforts. For instance, Buffalo's funding dropped from $7.6 million to $.9 million from FY81 to FY82. St. Louis dropped from $5.1 million to $.65 million.[1] An analysis prepared by the Council of Great City Schools reports that, from FY80 to FY82, the 29 city schools districts who are Council members have had to exchange approximately $135.7 million in categorical aid for $50.3 million in block grants, a decline of 63%. The losses in Buffalo, Cleveland, St. Louis, and Seattle have exceeded 85% in two years. It is important to remember that approximately 80% of America's students attend schools in large urban centers, the big losers under the block grant program.

The losses are due to a combination of factors. First and foremost, the overall level of appropriations for the block grant program is substantially less than the total appropriations for the separate programs. Second, Chapter 2 funds are distributed to all districts. This forces school districts which had been successful in competing for grants in the past to share resources with smaller school districts within the state which frequently do not have the same problems or the degree of concerns which are associated with larger school districts. Third, a larger portion of the Chapter 2 funds received by a district now is going to private schools. In the year prior to the enactment of Chapter 2, the private schools in Dade County received $133,820 under ESEA, Title IV-B for library books and equipment and participated at their discretion in some of the program activities under Title IV-C, ESAA, and other grants. The private schools have elected to utilize their entire "equitable share" of Chapter 2 funds for books and equipment. It is estimated that the 1983-84 figure will be $209.171, an increase of 56.3 per cent.

Whereas concerns about Chapter 2 revolve around levels of appropriation and disproportionate losses by urban school districts, our concerns about Chapter 1 are focused mainly on regulatory problems.

In conjunction with its primary purpose to provide supplementary instructional resources to low-achieving students in low income communities, the ECIA, Chapter 1 statute intends, as does the Chapter 2 statute, to eliminate unnecessary and unproductive paperwork; to free schools of unnecessary supervision, direction, and control; and to free education officials, principals, teachers, and support personnel from overly perscriptive regulations and administrative burdens. The Dade County Public Schools enthusiastically welcomes the relief which is implied.

In practical terms, however, the brevity of the statute, the limited scope of the regulations, the non-binding characteristics of "federal guidance", and the extension of rule-making authority to SEA's have resulted in confusion, contradiction, and a general lack of clarity at the district's implementation level. More specifically, the opportunities for LEA's to be creative and develop alternative programmatic approaches, within statutory limits, is hampered at times by uncertainty and timidness at district, state, and federal levels. Answers, when given to questions related to potential design and operational programs, generally lack conviction and inspire little confidence. Operational flexibility must be real, definable and supported.

In the debate surrounding the Act (PL 97-35), Chapter 1 served to maintain the categorical, formulated characteristics of the old ESEA, Title 1. The student population which benefits from Chapter 1 resources is unique and deserving in its own right. Efforts to consolidate Chapter 1-authorized appropriations with Chapter 2 must be aggressively resisted.

In summation, let us say that there are advantages and disadvantages inherent to the new Chapters 1 and 2 as promulgated by the 1981 legislation. The advantages, among others, may be that; a) the burden of unproductive paperwork has been relieved; b), local options for utilizing the funds among identified purposes now exists; and c), the opportunity to fund innovative programs for the average student is now available. The latter was never included in categorical grants. The disadvantages are: a), the overall reduction of funds; b), the disproportionate loss of funds by large urban districts; and c), the uncertainty and confusion caused by the loosely defined regulations and the extension of rule-making authority to SEA's which may result in program approaches allowed by some states but not by others.

Therefore, I am recommending that: 1), a critical review of any proposed new block grant legislation be conducted to determine which programs should be included and to avoid the disadvantages specified; 2), competitive categorical grants be continued to enable districts to obtain additional revenues to address special needs such as desegregation activities, refugee assistance, and others, and 3), the federal government recognize its responsibility to address long-standing, serious, and wide-spread problems relative to the education of the disadvantaged child by keeping Chapter 1 as a categorical program.

Mr. WEISS. Mr. Kvamme.

STATEMENT OF OLAF KVAMME, DIRECTOR, COMMUNITY AND GOVERNMENTAL RELATIONS, SEATTLE SCHOOL DISTRICT

Mr. KVAMME. Mr. Chairman, members of the subcommittee.

I am Olaf Kvamme from the Seattle School District. I appreciate the opportunity to appear before this hearing on behalf of the Seattle schools.

The Seattle School District has a particular interest in your assessment of chapter 2. Implementation of chapter 2 brought with it a very dramatic reduction in Federal funds to Seattle.

In 1981-82, Seattle received approximately $4.2 million from the various categorical programs which were consolidated into chapter 2.

The following year, 1982-83, the Seattle School District was allocated $923,000 from chapter 2 and almost $200,000 of that was money that flowed through the Seattle School District for private school students.

This 78-percent cutback in a 1-year period surely merits the earlier reference to a dramatic reduction and, if that were extended over a period longer than the 1-year period, that reduction would increase into the 80-percent range as you heard earlier from Dr. Casserly.

In almost every instance when reductions have occurred in the magnitude experienced by Seattle, the consolidation of the Emergency School Aid Act into chapter 2 has been the principal cause.

The Seattle School Board and community leadership in Seattle have had a long-term commitment to school desegregation. When it became apparent that the best voluntary efforts possible were not capable of desegregating Seattle schools, a local consensus formed to desegregate without court intervention.

Local business leaders, religious leaders, political leaders, and civil rights organizations jointly urged the Seattle School Board to implement without court direction a locally developed and controlled desegregation plan.

The school board responded by: First, adopting a definition of racial imbalance; second, requiring that desegregation occur through educationally sound strategies; and third, initiating a process which culminated in December 1977 with the adoption of the Seattle plan, the local term for our desegregation plan to eliminate racial imbalance.

To reemphasize, this was a local decision reached by a locally elected school board.

The initial implementation of the Seattle plan was supported substantially through funds from the Emergency School Aid Act. Those funds provided staff, equipment, and supplies necessary to make the desegregation program work and comprised almost a hundred percent of the program money for desegregation purposes in Seattle, everything except the cost of the transportation involved in the plan.

Desegregation of a school district is not a one-time action. As you well know, the demographics of cities are continuing to change. Attention to these changes require resources. With elimination of the Emergency School Aid Act through consolidation into chapter 2, the one source of significant funds has disappeared.

It is recognized that Seattle's reductions in funds, as a result of chapter 2, is greater than the reduction experienced by the whole range of city school districts. Nevertheless, it is useful to examine Seattle's situation. The approximately 30 categorical programs which were merged into chapter 2 were composed largely of programs which responded to matters which were of priority interest from a national perspective; at least in some point in the recent past they were matters of priority interest.

In Seattle's instance, the overwhelming portion of the Federal moneys received in 1982–82 was from the Emergency School Aid Act, $3,900,000 of our $4.2 million was from that one source. With ESAA's elimination, it can be safely said that we are left with no substantial civil rights-oriented school funding being provided by the Federal Government.

Some of the other programs consolidated into chapter 2 were of a pathfinder nature—programs in which the Federal Government invested modest amounts of money in order to enable a limited number of school districts to develop pilot and demonstration programs in areas of special national need and significance. Examples are metric education, environmental education, gifted and talented, and safe schools. You do know the list.

With the implementation of chapter 2, a radical change in the system of distributing funds did occur. No longer is it possible under present legislation for the Federal Government to recognize the extreme importance of the need for resources to contribute to a city's efforts to assure instructionally effective desegregated schools. No longer is it possible for the Federal Government under present legislation to encourage the development of the pilot and demonstration kinds of projects at a significant resource level.

In effect, what has occurred in the adoption of chapter 2 can be characterized, in broad terms, as a move to a distribution system which provides each school district in the country with a comparatively small amount of general aid.

The percentage of funds is so small, using the present allocation system and the present appropriations level, so as to not be significant enough to serve as a problem-solving resource to the Nation's schools. The funds tend to be folded into the regular program activities.

To reemphasize—the enactment of chapter 2 has diminished the Federal Government's ability to focus on significant deficiencies and needs in our schools. The total amount of chapter 2 money is approximately $450 million. A system which distributes these funds to almost every school district in the country, and potentially to every private school student in the country is an unproductive way for the Federal Government to invest those resources.

Earlier, I indicated that Seattle experienced a 78-percent reduction in funds in the 1-year period directly as a result of the implementation of chapter 2. Obviously, there have been some school districts which have gained funds if Seattle and other city school districts lost funds. Private schools made very substantial gains in Seattle and in the State of Washington as the result of chapter 2.

In Seattle, private school students were allocated approximately $4.60 per student in 1981-1982. These funds were used largely for instructional materials and were generated from title IVB.

In 1982-1983, under chapter 2, the private school students generated $15.74 per student and again the funds were utilized largely for instructional materials. Among school districts the clear winners were the small school districts.

The solution to the allocation problems which have occurred as a result of chapter 2 do not lie wholly in influencing States to adopt fair allocation systems which recognize special needs. That certainly needs to be done and I think in the State of Washington there has been a substantial effort in that direction.

The chapter 2 funds as presently constituted by law are distributed to all school districts, and in the distribution of chapter 2 funds as presently constituted there is a strong recognition of enrollment as a driver in allocating the funds.

The chapter 2 allocation system which includes all of the Nation's school districts and private schools and which recognizes all the Nation's students would need an appropriation of billions of dollars in order to be able to identify a Federal impact as a result of the programs it supported.

In comparison, chapter 1 has an appropriation of approximately $3.2 billion and is designed to serve only those students who are academically deficient and who live in economically disadvantaged neighborhoods. And even at that level, the chapter 1 appropriation is not sufficient to serve all of the students now eligible.

It probably is not feasible or even desirable to reinstate all of the categorical programs which were folded into chapter 2. That is not the point. It is important, however, for Congress to adopt new legislation which responds to one of the most persistent and nagging issues which faces our schools: racial segregation.

The House has passed legislation to reauthorize the Emergency School Aid Act. Whatever is the disposition of chapter 2, it is essential that the final passage of the ESAA occur and that sufficient funds be appropriated to allow the Federal Government to assist school districts with efforts to eliminate racial segregation in our schools. Chapter 2 cannot respond to that particular pressing need.

Thank you, Mr. Chairman.

Mr. WEISS. Thank you, Mr. Kvamme.

[The prepared statement of Mr. Kvamme follows:]

TESTIMONY
ON BEHALF OF
SEATTLE SCHOOL DISTRICT

ON

CHAPTER 2, EDUCATION CONSOLIDATION AND IMPROVEMENT ACT

PRESENTED BEFORE

THE HOUSE SUBCOMMITTEE ON
INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES
OF THE

COMMITTEE ON GOVERNMENT OPERATIONS

BY

OLAF KVAMME

DIRECTOR, COMMUNITY AND GOVERNMENTAL RELATIONS
SEATTLE SCHOOL DISTRICT

SEPTEMBER 20, 1983

Mr. Chairman and members of the Committee. My name is Olaf Kvamme and I am the Director of Community and Governmental Relations for the Seattle School District. I appreciate the opportunity to appear before this hearing on behalf of the Seattle School District.

The Seattle School District has a particular interest in your assessment of Chapter 2, of the Education Consolidation and Improvement Act. Implementation of Chapter 2 brought with it a dramatic reduction in federal funds to Seattle. In 1981-82, Seattle received approximately $4,200,000 from the various categorical programs which were consolidated into Chapter 2. The following year—1982-83—the Seattle School District was allocated $923,530 from Chapter 2, $192,075 of which was "flow through" money for private school students. This 78 percent cut-back in a one-year period surely merits the earlier reference to a dramatic reduction.

In almost each instance when reductions occurred in the magnitude experienced by Seattle, the consolidation of the Emergency School Aid Act into Chapter 2 was the principal cause. A brief description of what occurred may be instructive.

The Seattle School District instituted a systemwide desegregation plan in the fall of 1978. Adoption of the plan, locally referred to as the Seattle Plan, followed 15 years of unsuccessful attempts to desegregate Seattle's school system using all possible voluntary methods--from voluntary transfers with free transportation to an extensive magnet schools program. Between 1963, when voluntary desegregation efforts began, and 1977, the last year before the

Seattle Plan, racial imbalance grew steadily worse. The number of segregated schools and the degree of segregation within schools increased. Moreover, minority students bore a greatly disproportionate share of the burden of movement, since few whites volunteered.

The Seattle School Board and community leadership in Seattle have had a long term commitment to school desegregation. When it became apparent that the best voluntary efforts possible were not capable of desegregating Seattle's schools, a local consensus formed to desegregate without court intervention. Local business leaders, religious leaders, political leaders and civil rights organizations jointly urged the Seattle School Board to implement without court direction a locally developed and controlled desegregation plan. The School Board responded by: (1) adopting a definition of racial imbalance; (2) requiring that desegregation occur through educationally sound strategies; and (3) initiating a six-month process of citizen planning activities, which culminated in December 1977 with adoption of the Seattle Plan for elimination of racial imbalance.

Initial implementation of the Seattle Plan was supported substantially through funds from the Emergency School Aid Act. Those funds provided staff, equipment and supplies necessary to make the desegregation program work and comprised almost 100 percent of all monies spent on desegregation programs in Seattle, excluding busing.

Desegregation of a school district is not a one-time action. As you well know, the demographics of cities are continuing to change. Attention to these changes require resources. With the elimination of the Emergency School Aid Act through consolidation into Chapter 2, the one source of significant additional resources has disappeared.

It is recognized that Seattle's reduction in funds as a result of Chapter 2 was greater than the reduction experienced by most city school districts. It nevertheless is useful to examine Seattle's situation. The approximately 30 categorical programs which were merged into Chapter 2 were composed largely of programs which responded to matters which were of priority interest from a national perspective. In Seattle's instance, as stated before, the overwhelming portion of the federal funds received in 1981-82 (prior to the Education Consolidation and Improvement Act) was from the Emergency School Aid Act--$3,900,000. With ESAA's elimination, it can be said safely that no substantial civil rights oriented school funding now is being provided by the federal government.

Some of the other programs consolidated into Chapter 2 were of a "pathfinder" nature--programs in which the federal government invested modest amounts of money in order to enable a limited number of school districts to develop pilot and demonstration programs in areas of special national need and significance. Examples are metric education, environmental education, gifted and talented, and safe schools.

With the implementation of Chapter 2, a radical change in the system of distributing funds occurred. No longer is it possible under present legislation for the federal government to recognize the extreme importance of the need for resources to contribute to the city's efforts to assure instructionally effective desegregated schools. No longer is it possible for the federal government under present legislation to encourage the development of pilot and demonstration projects at a significant resource level.

In effect, what has occurred in the adoption of Chapter 2 can be characterized, in broad terms, as a move to a distribution system which provides each school district in the country a very small amount of general aid. The percentage of funds is so small, using the present allocation system, so as to not be significant enough to serve as a problem-solving resource to the nation's schools. The funds tend to be folded into the regular program.

To reemphasize—the enactment of Chapter 2 has diminished the federal government's ability to focus on significant deficiencies and needs in our schools. The total amount of Chapter 2 money is approximately $450 million. A system which distributes these funds to almost school district in the country—and potentially to every private school student in this country is an unproductive way for the federal government to invest its resources.

Earlier I indicated that Seattle experienced a 78 percent reduction in funds from 1981-82 to 1982-83 directly as a result of the implementation of Chapter 2. Obviously there must have been some school districts which gained funds if Seattle and other city school districts lost funds. Private schools made very substantial gains in Seattle and in the State of Washington as the result of Chapter 2. In Seattle, private school students were allocated approximately $4.60 per student in 1981-82. These funds were used for instructional materials and were generated from Title IVB of the Elementary and Secondary Education Act. In 1982-83 under Chapter 2, the private school students generated $15.74 per student and again the funds were utilized largely for instructional materials. Among school districts the clear "winners" were the small school districts.

The solution to the allocation problems which have occurred as a result of Chapter 2 does not lie with influencing States to adopt fair allocation systems which recognize special needs. That does need to be done. (The State of Washington has made substantial steps in this direction). Chapter 2 funds as presently constituted by law are distributed to all school districts. In the distribution of Chapter 2 funds, as presently constituted, there must be recognition of school enrollment as a "driver" in allocating funds. A Chapter 2 allocation system which includes all of the nation's school districts and private schools and which recognizes all the nation's students would need an appropriation of billions of dollars in order to be able to identify a federal impact as a result of the programs it supported. In comparison, Chapter 1 has an appropriation of approximately $3.2 billion and is designed to serve only those students who are academically deficient and who live in economically disadvantaged neighborhoods. And even at that level, the Chapter 1 appropriation is not sufficient to serve those students now eligible to be served.

It probably is not feasible or desirable to reinstate all of the categorical programs which were folded into Chapter 2. It is important, however, for Congress to adopt new legislation which responds to one of persistent and nagging issues which faces our schools--racial segregation. The House has passed legislation to reauthorize the Emergency School Aid Act. Whatever is the disposition of Chapter 2, it is essential that the final passage of the ESAA occur and that sufficient funds be appropriated to allow the federal government to assist school districts with efforts to eliminate racial segregation in our schools. Chapter 2 cannot respond to this pressing need.

Mr. WEISS. Dr. Fort?

STATEMENT OF DR. HERSCHEL FORT, DIVISIONAL DIRECTOR, OFFICE OF FEDERAL, STATE AND LOCAL LEGISLATIVE AFFAIRS, DETROIT PUBLIC SCHOOL SYSTEM

Dr. FORT. Mr. Chairman and members of the Subcommittee on Intergovernmental Relations and Human Resources: I am Herschel Fort, divisional director, office of Federal, State and local legislative affairs of the school district of the city of Detroit. Because of previous commitments, Dr. Arthur Jefferson, the general superintendent, was unable to be here. He asked me to convey his regrets and to express his thanks for the opportunity to appear before this committee.

Within the time that has been allotted to me, I would like to briefly summarize the impact that federally funded categorical programs have had upon Detroit schools, express our concerns about the use of block grants to distribute Federal funds and to explain some of the reasons for our concerns.

The Detroit public school system has an enrollment of 200,000 students, 90 percent of whom are from minority groups. Like many other large city school districts, we are experiencing difficulties maintaining a quality education program in the face of a declining tax base, the prolonged economic recess, inflation, reduced Federal support and the need to upgrade or replace many of our older school buildings, some of which are more than 60 years of age.

Despite the high, long-term unemployment rate in Detroit, which over the past 18 months has averaged 20 percent, the citizens of this city have continually reaffirmed their willingness to support education by responding affirmatively to seven of our last eight requests for millage.

There is no evidence that we have relaxed local efforts in anticipation of receiving Federal funds.

From 1965 to 1981, the Detroit public schools, like other large city school systems, received increasing amounts of Federal support. This aid was provided in spite of intervening recessions, the Vietnam war, and changes in administration.

Federal funds have helped bring about many of the improvements that have taken place within our schools, such as higher achievement in reading and mathematics; comprehensive health screening and immunization follow-up; low cost nutritious lunches for needy children; improved services, facilities and equipment for the handicapped; vocational and career education programs; comprehensive bilingual programs and work-study opportunities.

These categorical programs have proven to be very successful and compare favorably with federally supported efforts in other areas.

The impact of these categorical programs in Detroit is well illustrated by a comparison between the achievement level of students prior to participation in these programs and their recent level of achievement.

In 1965, 62 percent of the grade 4 students attending schools located in neighborhoods having high concentrations of poverty were substantially below average in reading achievement. By 1981, this had been reduced to 18 percent.

This and similar successes were achieved with the support and assistance of the U.S. Department of Education under four different administrations.

The 16-year-old history of title I and other categorical programs, funded under the Elementary and Secondary Education Act, demonstrates that Federal support and accompanying regulations can be provided to school districts without erosion of local control or undue interference in the effective operations of schools.

Categorical programs, especially those funded under the Elementary and Secondary Education Act, have become institutionalized within all of the large and many of the medium-size school districts throughout the country.

Funds for these programs have come to be viewed as entitlements to support compensatory education programs and services that are directed to well-defined target groups.

This type of Federal support for education evolved from the recognition that there were, especially in large cities like Detroit, great numbers of economically and educationally disadvantaged, mentally and physically handicapped, bilingual, and other children having special needs that could not be met through local resources alone.

Large cities, after finding local resources inadequate to meet these special needs, sought assistance at the State level; but in most situations the response was inadequate. State governments, traditionally, do not provide large cities with a fair share of State revenues or of funds received from the Federal Government.

Consequently, massive Federal assistance provided directly to or earmarked for the local school district, emerged as the best hope for meeting the special needs of millions of children living in economically depressed areas within large cities.

We are failing to profit from previous experience if we return the responsibility for operating and controlling compensatory education programs to the same agencies and units of government which previously demonstrated an unwillingness and/or inability to carry out similar efforts. Unfortunately, this is what is starting to occur with the use of block grants to distribute chapter 2 funds.

On the surface, the notion of block grants can appear to be very desirable. They purportedly reduce paperwork and end constraints associated with categorical grants. However, under close examination, block grants reveal serious pitfalls that make them totally undesirable.

The Federal legislation and rules and regulations associated with each categorical grant were developed to protect the congressional intent of how funds would be spent. The added paperwork and constraints insured that program services were properly concentrated and targeted to eligible children.

When the constraints are eliminated, as they are when funds are distributed through block grants, the receiving school district is subjected to pressure from various groups from within the community, each seeking to maintain or increase services for a program at the expense of others contained within the block grants.

With block grants in place, the process of reducing or eventually eliminating Federal funds awarded through block grants is greatly facilitated.

Each year, funds can be reduced without one particular target group being identified as the one suffering the loss of services. After a few years, funds contained within the block grant would become spread so thin that Federal support for education becomes insignificant and thus could be phased out completely with little difficulty.

The initial efforts of the proponents of block grants are concentrated in two areas: to reduce the overall funding level for the programs included within the block grant and to establish less stringent eligibility requirements for participating in the programs included within the block grants.

This is having a devastating effect upon large urban and other areas having large concentrations of economically and educationally disadvantaged children.

In Detroit, 2 years preceding adoption of the Education Consolidation and Improvement Act, we received $7.5 million for programs now included in the block grants.

Our total for this past school year was less than $3.5 million, all of which had to be used—let me emphasize that—all of which had to be used to support our school system's desegregation effort.

As a result, we have had to seriously curtail special programs in dropout prevention, health and nutrition education, career education and job placement, staff inservice training in computer literacy, and analytical analysis provided by the Federal Teacher Resource Center, and that program is no longer available. Library resources, instructional materials and equipment for 50,000 target students cannot be updated, maintained or replaced.

We will no longer be able to obtain materials, equipment, and consultant services that were available through the National Dissemination Network.

Also working to the detriment of large city school districts is the policy of awarding small-size chapter 2 grants to school districts, many of which have virtually no need for Federal assistance.

In Michigan, during the past year, block grants of $5,000 or less were awarded to 177 school districts.

Grants of this size dilute the effectiveness of Federal assistance and erode staff and community support for such assistance because the potential benefits provided are not commensurate with the reporting and accounting requirements that are incurred as a condition of the grant.

We must not let ourselves accept the false premise that in furthering Federal education goals, categorical aid to education is characterized by waste, inefficiency, excessive interference and undue control, and that block grants are synonymous with efficient and effective support.

Research conducted within the past few years has shown the opposite to be true. Although there is little experience with education block grants, several studies have been made on the impact of Federal categorical aid and block grants to other agencies of the public sector.

The results consistently showed that categorical grants were directed toward achieving the stated goals and encouraged increased local effort and support for achieving these goals even when local matching funds were not required as a part of the conditions of the grant.

Block grants, on the other hand, usually become general aid and funds thus received were used as a substitution for local funds. It is reasonable to expect that the same outcomes will occur with block grants in education.

The Federal role in education has been altered by the implementation of block grants to an extent far greater than the actual portion of Federal support that is distributed through this method.

Direct grants to local education have been replaced by decisionmaking at the State level. The axiom that State governments are not fully sensitive to the needs of the large cities is again verified by the results of a comparison between the amount of block grant funds distributed to a sample of 12 large city school systems and to the other school districts located in the same States.

During the year immediately preceding the implementation of chapter 2 block grants, these 12 large city school systems received $63 million for programs that were subsequently folded into block grants.

The following year, the total amount of funds received by these large school systems through block grants was $30 million, a loss of more than 50 percent.

Corresponding totals for the other school districts located in the same States showed an increase from $151 million to $152 million.

These statistics portend the magnitude of the losses in Federal assistance dollars that will be suffered by large cities if the block grant concept is expanded to include chapter 1 compensatory education, education for the handicapped, vocational education, and other programs that are currently categorically funded. Most threatening of all, however, is the underlying belief held by many that block grants serve as an intermediate step toward withdrawal of Federal support for education.

History clearly shows that Federal aid to further national priorities is effective and long lasting only when it is distributed categorically.

Once again, on behalf of the Superintendent, Dr. Jefferson, I would like to thank the committee for inviting me to present testimony.

Mr. WEISS. Thank you very much, Dr. Fort, and I thank all the panelists for excellent, effective, and eloquent testimony. Again, because of the large number of witnesses still to come, we will limit questioning to the 5-minute rule and I am going to yield my time at this point and recognize Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman.

Just a couple of comments to begin with. It is kind of a recurring theme here that the distribution of Federal moneys is equitable only when we get the money; and it is inequitable when everybody shares in the money equally. That seems to me to be a rather strange definition of equality and part of the idea behind the block grant was, of course, to permit more people to share in the Federal resource base being devoted to education.

Second, one of the themes I seem to hear recurring, too, was that somehow the block grants are tied with the funding cutbacks.

The concept of block grants, that got blended in with Federal cutbacks because at the Federal level we were doing some reductions of the budget at the same time we implemented a block grant program. But I would suggest to you that from my perspective, anyhow, I don't think that that is a tie which is a part of the concept and should not be a part of the concept. Block granting in and of itself is a concept that should be thought about even in periods when you were increasing funding because of the additional discretionary power given under the block grant concept. And it is not a case of block grants being a mechanism for reducing funding only.

I would like to just ask Mr. Rosica, because I am from Pennsylvania, too, what I have seen with the block grant process is a number of my school districts being able to do some things that they weren't previously able to do, in some cases because they have gotten some additional money, in some cases because they have gotten additional flexibility. And in a small urban district which is in my congressional district, they have been able, for instance, to provide free services to minority populations in that school district. They have been able to put equipment into libraries; they have been able to do some things that they weren't previously able to do to serve minority populations within that small urban district.

Do you contend that they don't deserve to have equal access to quality education moneys?

Mr. ROSICA. Absolutely not, Congressman, but, on the other hand, you have to look at some of the school districts that may have lost. For example, Cocalico lost 60 percent of its money. If you look at the Lebanon school district, they lost 40 percent of their money. On the other hand, if you look at the affluent school districts around the State, you see that among those that have the lowest aid ratio, that 15 of these school districts have received increases of up to 400 percent in terms of the funding that is allocated to them. I don't see that as an equitable distribution of funds. I don't see it going to those schools that are in the area of greatest need either.

Mr. WALKER. Am I not correct that the Pennsylvania formula you see is largely based upon the school populations and is based very much on how many people the school district serves. Isn't that a major portion of the Pennsylvania formula?

Mr. ROSICA. The Pennsylvania formula is based on three factors: 60 percent in terms of an allocation per pupil of the money; 30 percent of the money is allocated on the basis of AFDC, and 5 percent on the basis of sparsity. Approximately 82.5 percent of the funds in the State are allocated to LEA's.

I happen to sit on the Governor's committee and I happen to be the only urban representative on that particular committee, sir. And although the committee has tried, I think, to distribute these funds in an equitable manner, this has not occurred. There were over 110 school districts that lost money. The rich got richer, very candidly; and the poor school districts, if you look at the 109 that lost, are school districts—Philadelphia was one of them, although there were many rural and suburban school districts, a couple of which I mentioned before, that have received significant decreases in their funding and have been unable to provide vitally needed services.

Mr. **Walker**. But the point being that, as you point out, the money is based upon a per pupil load, some of those schools deserve to look at it, AFDC has blended in so that the poverty levels can be looked at. One of the factors that has been overlooked in this country is that a large portion of the poverty in this country is in rural areas. And some of those rural school districts were being shortchanged by Federal formulas that did not permit poverty to be addressed in the rural areas.

This helps assure that some of the poor and some of the minorities in those rural areas are participating in the Federal funding. I don't think, for instance, the Lancaster school district in my district that got some increased funding out of all this would contend it is a rich district by any stretch of the imagination. They have their problems of being a small urban area, too, and this program has helped them. So that it is disappointing, as I pointed out in my earlier remarks, that we don't have some representatives from some of those kinds of school districts in here testifying too because I think we would find they think block grants are working pretty well.

Mr. **Weiss**. The gentleman's time has expired.

Mr. Conyers?

Mr. **Conyers**. Thank you, gentlemen. You don't have to defend your premises with me, I just read the papers and followed what the overwhelming consensus of what this administration has done in eliminating block grants and bringing, or eliminating categorical and bringing on block grants. This is perfectly obvious. I guess we could play around and try to pretend that the rich aren't benefiting.

The bigger question of this oversight hearing—and I commend the chairman for calling it—is that where do we go? We have got to break ESAA out of the block grant situation in the Senate, as we have done in the House.

Someone suggested that new formulas are needed at the State level—although there's not much we can do about that. We restrained the Department of Education from the excesses in terms of proposal writing and the other little fine ways that they can help wipe out congressional intent.

But can you add to our list of proposed remedies?

Dr. **Fort**. Congressman Conyers, there a number of things, many of which have already been suggested, that we could consider. Ideally, in my judgment, the best thing to do would be to repeal the block grant legislation and reestablish categorical aid to the extent that it existed previously. If I had my druthers, that would be what I would recommend.

Second, if indeed you are forced to live with the concept of chapter 2, you don't commit the mortal sin of adding other categorical grants or programs into a block grant type of situation.

Third, it seems to me that you need to, in the case of chapter 2, greatly increase the amount of funding that would be available to support the program at the national level so that some of the needs would in fact be addressed.

You mentioned already the establishment of a separate ESAA program which is happening now and it is in the Senate. You did comment that there is not too much that Congress can do about the State's role as it relates to the formula.

It seems to me that we can do something in that area by putting language into the statute that guarantees that high-cost children will, in fact, receive the proper consideration as originally intended by Congress.

Mr. CONYERS. Thank you very much.

Dr. BRITTON. Mr. Conyers, if I may add to what Dr. Fort so well stated, it would be nice if in this country all of the needs for all of the children were identical, but they are not.

I believe this is the responsibility, as I have said before, of Congress pointing out those high priority programs. There should be—there must be—an unequal distribution of dollars because of the unequal needs of children.

This is a basic premise upon which you, as Congressmen, must establish your priorities and your policies.

Mr. CASSERLY. Mr. Conyers, our organization, the Council of the Great City Schools, in conjunction with the Lawyers' Committee on Civil Rights, had submitted a series of recommendations to the Department of Education on March 28 giving examples of kinds of things that the Department could do to anticipate the kinds of losses and possibly stop them before they occurred.

Our response back from the Department was that they were simply uninterested because it would cause too much paper work. Again, we submitted a whole list of recommendations. Frankly, even though this committee may not have jurisdiction over the actual authorizing of the particular programs, there are some serious issues here about how the Department responded to its statutory and traditional Cabinet level responsibilities here.

Mr. CONYERS. Could you make that correspondence available to us?

Mr. CASSERLY. Yes, it is attached to my testimony, sir.

Mr. CONYERS. All right.

Mr. WEISS. Without objection, all of that material is included in the record.

Mr. ROSICA. I specifically feel that because of the inequitable share of the cuts that the urban school districts have had to receive, that there must be built into the legislation some type of hold harmless provision. It has been done with chapter 1 consistently over the years in terms of no less than 85 percent. Yet, in this particular piece of legislation many of our school districts have suffered losses up to 90 percent. I feel that this must be included as a provision in the chapter 2 legislation.

Mr. SIMERING. One further point, Mr. Conyers, that I would like to make mention of. Somehow in dealing with school districts, Congress tends to think first of dealing with the State departments of education and then letting the State departments of education deal with school districts.

I would like to kind of reemphasize that at least with the big city school systems, you are dealing with major and sophisticated operations which rival the operations of the big cities themselves which have consistently had a direct Federal-local relationship direct entitlements in legislation.

I would suggest that that might be a possibility.

Mr. CONYERS. Thank you, gentlemen.

The one thing that we might do is begin to build up a deeper understanding between parents, citizens, residents, and our constituents, on this matter. It seems to me that sometimes, unless it really starts from there rather than hitting in our intragovernmental levels, we miss some of the impetus that leads to these constructive changes.

I commend you all for your recommendations.

Mr. WEISS. Thank you, Mr. Conyers. Time has expired.

Mr. McCandless?

Mr. McCANDLESS. Thank you, Mr. Chairman.

I understand the problems that your school districts are having currently, having come from local government in California. But I am quite taken back by a couple of comments; one by my colleague Mr. Conyers, where he says what this administration has done with the block grant program. And I go back to page 6 of the testimony by Mr. Rosica—I am pronouncing it correctly?—calling my colleague's attention to the fact that in Pennsylvania funding for the State from the Federal Government in 1981 was $20,300,000; and in 1982 it was $21 million; and in 1983-84 it is anticipated to be $21.4 million. The point being this: That the Federal Government is continuing to give the State of Pennsylvania a level of funding equal to that in past years.

But if I understand these gentlemen correctly, and I would like any comments if you wish to individually—but what we are saying here is that the Governor, who is elected; the State superintendent of schools, or whatever you call him, who is elected; that the two houses of the State legislature, all of whom are elected, are not able to equitably, in your minds, from the point of view of big school districts, find a formula to properly distribute this money as you see it or as it has been distributed in the past by "Big Brother" in Washington, D.C. And that you further comment on the fact that the big school districts have had a special relationship with the Federal Government and that this is something that is difficult for the State superintendent of schools to understand and to grasp and to deal with, which may very well be true.

Well, if that is the case, then, in the political process such cities as New York and Los Angeles and Detroit evidently cannot function within the State, the respective State, and, therefore, must have special relationships with the Federal Government also.

So the analogy there I find very difficult to accept and the fact that the community development block grant program has been successful because it has been a direct relationship between the Federal Government and local government, can very simply be stated because there are no restrictions on it, to speak of. If we want to allocate some money to a particular district or area for a sewer system, or this district for this, or this district for that, it became, then, the decisionmaking process of local government.

And the whole intent of this program as I have seen it, is to decentralize which everyone was crying for in the educational process. We have too many mandates from the Federal Govenment. We need to return to the elected officials the authority to make local choices and decisions—and that was the intent of the community development block grant, but evidently at the State level this is not functioning because each of your States—Pennsylvania, Illinois, Florida, Washington, and Michigan—are all saying the same thing: State politics has taken over and the large school districts, the large urban areas have suffered in that political process, so you find yourself in a vise between the urban representation on the one hand and the suburban and the rural on the other. And you are here to ask us to help you.

Am I out of line? Am I asking too much of you? I would like some responses.

Mr. WEISS. One of you has 1 minute to respond to that because the question took 4 minutes.

Mr. Rosica?

Mr. ROSICA. Since you are referring specifically to Pennsylvania, I think you have got to look at the fact that the Governor appointed the advisory committee which developed a formula. There are 28 representatives on that committee; one is an urban representative. I am it. Now, that is inequitable in terms of the number of people on the committee and the number of urban centers in the State.

In terms of devising the formula, we made a recommendation. And when you have one urban representative, you are not going to specifically——

Mr. MCCANDLESS. Is that the responsibility of the Federal Government to say to the State of Pennsylvania, you should have a certain makeup, certain structure, or any other State——

Mr. ROSICA. The response is——

Mr. MCCANDLESS. Isn't that local government working the way they want it to work?

Mr. ROSCIA. It is the responsibility of the Congress in constructing the legislation to provide guidance to State governments. Unfortunately, State government has not been sensitive to and responsive to the pressing needs of the urban centers in this country. Congress can, and should, establish procedures that establish a framework for fair and equitable distribution of chapter 2 funding.

Mr. WEISS. Gentlemen, time has expired.

Mr. MCCANDLESS. Thank you, Mr. Chairman.

Mr. WEISS. Mr. Towns.

Mr. TOWNS. First of all, I would like to thank you for coming. I have listened to your testimony and in listening to it, I think that we have a major job to do, to make certain that the people on the grassroots level understand the problems that confront you.

Just to respond partly to the question of my colleague from California, indicating whether or not the Federal Government should have a role in it, let me just say that any time something is not working and they are here to say that it is not working, I think that the Federal Government ought to automatically have a role because if the people it is intended to serve are not benefiting from it, then I think that the Federal Government has a responsibility.

So I am delighted to see you here and hope that through the process of the dialog here that we will be able to develop some solution. But it is important to involve people at every level in this process.

So I would like to get from you some ideas and suggestions that you might have as to how we might be helpful to you in getting people at those levels involved in this process to bring about change.

Dr. **Britton**. I believe you should look at chapter 1. The involvement of the citizens which we have through the Parent Advisory Committee, for example, was wiped out as a requirement. But we in Dade County kept them in because we felt that they were an integral part of our getting the information directly from the people as to what they felt their aspirations for their children happened to be.

Whatever happens, you ought to encourage whatever—the way you were talking right now, the encouragement of the people within the community to help the local school district develop its policies. I would encourage that.

Dr. **Fort**. Mr. Towns, I think the point that you make is an execellent one. Congressman Conyers is aware of the fact that in Detroit, prior to the enactment of the chapter 2 legislation and during the time that Congress was engaged in cutting the budget, and cutting the appropriations, we did, in fact, involve the grassroots in our city and our neighbor cities of Hamtramck and Highland Park to the extent that we had weekly meetings of a task force of citizens that we invited—and had participation from Mr. Conyers' office, from Senator Riegle's office, and other Congressmen within the district of the city of Detroit, to the extent that the people were informed, they became agitated; virtually inundated Congress with letters describing the displeasure with the proposed legislation and what have you.

That committee, by the way, is still active and is willing to meet with representatives from our congressional delegation at any time, we encourage that. And we feel that we should support that kind of effort more in the future.

Mr. **Towns**. Thank you very much.

Mr. **Weiss**. Thank you very much, Mr. Towns.

Mr. Kvamme, perhaps I ought to just ask your comment on the proposition that the States are in a sufficient position to really balance out all the problems and that the large cities ought to be looking at the States if they have problems within the context of this block grant operation?

Mr. **Kvamme**. I think that under the present legislation, under chapter 2, even if the States were to do what we would consider to be a very equitable job with the allocation of funds, even if they were to take into account special needs, high-cost students, and do it in a fashion that everyone would consider to be fair—you are left with a situation where there are not sufficient funds to do some very high priority kinds of Federal activities that need to be responded to. For example, take the mathematics and science concerns and assume you are going to fold those into chapter 2. If a local district determined that it wanted to spend all of its money for mathematics and science there would not be enough money in chapter 2 to respond.

Basically, chapter 2 is general aid money. For example, in our State the chapter 2 committee brochure asks the question, "What can the Federal block grant money be used for?"

"The answer is many things, limited only by the creativity and the identified needs of the local people," states the brochure.

What we are forced to look at is that we need to have some more targeted Federal funds. The Emergency School Aid Act is the best example of targeted funds for desegregation.

Chapter 2 funds are not going to solve the problems which have national significance.

Mr. WEISS. Dr. Britton, I wonder if you would comment on the question raised by Mr. Walker—I think it is a legitimate question. Why shouldn't his people in Lancaster, if they have x number of students in the school system, be as entitled to receive a proportion of money based on that enrollment as kids in Philadelphia, or school districts in Philadelphia?

Dr. BRITTON. I would be very pleased to respond even though I am from Pittsburgh, Mr. Walker. I hope that adds a little bit to my credibility, being a former Pennsylvanian although I am now in Florida, and maybe I tend to——

Mr. WALKER. That is the western part of the State where the Governor come from and who evidently didn't do a good job in setting up the panel, according to Mr. Rosica.

Dr. BRITTON. The issue here and perhaps I oversimplified it, but one of the problems—and you brought this out yourself, Mr. Walker—was that the problem is that we are looking at two simultaneous phenomena. One is the reduction of funds and the other is the concept of block grants—and we are confusing them.

One of the problems is there just isn't enough money available, either to the Federal Government or the State or the local government to do everything that needs to be done. That was the thrust of my statement. As I say, you must establish, identify those top priorities as to where those few dollars are to go. There must be—and I am convinced and, again, I may be oversimplifying it and putting it into phrase that the nuances may be being missed.

There are unequal needs out there that demand unequal funding. It is as simple as that. I wish we had enough money even in Dade County to service all children to do everything we would like to do for them all. But that is it in a nutshell.

Mr. WEISS. Dr. Casserly, you had wanted to make a comment.

Mr. CASSERLY. I think there isn't anything that ought to be read into any of the testimony today that indicates that somehow a poor child in Lancaster isn't as important as a poor child in Philadelphia, or any other city.

Mr. WEISS. Do you want to bring that microphone a little closer? We can't hear you.

Mr. CASSERLY. I don't think there is anything in the testimony that any of us have presented this morning that should be read as saying that the poor child in Lancaster isn't just as important as a poor child in Philadelphia.

The problem for the Federal Government is to sort out its priorities. Does it want to take $450 million of its revenues and spread it across the country in lieu of any support for school desegregation in major poverty areas, or does it not?

Mr. WEISS. My time has expired and all of the time this panel has. I want to thank all of you for your testimony. I think it was excellent testimony and gives us a great deal of solid material to consider. Thank you.

Our next panel is comprised of Anne T. Henderson and Herbert Green.

I should say while they are coming to the witness table that the subcommittee intends to go right on through the day. We will not take a formal break for lunch and the prospective witnesses will have to guide themselves accordingly. Of course, we may be taking breaks from time to time as votes occur on the floor of the House.

Again, we have your prepared testimony which will be entered into the record, without objection. If you would, try to limit yourself to a 10-minute presentation and then we will proceed to questioning.

Ms. Henderson. Welcome.

STATEMENT OF ANNE T. HENDERSON, ASSOCIATE FOR FEDERAL RELATIONS, NATIONAL COMMITTEE FOR CITIZENS IN EDUCATION, COLUMBIA, MD

Ms. HENDERSON. Mr. Chairman, members of the subcommittee:

My name is Anne Henderson. I am associate for Federal relations at the National Committee for Citizens in Education, which is a nonprofit group that provides a variety of information and services to parents and citizens so that they can become responsibly involved in the local public schools.

In this effort we work with a network of about 350 local parent/citizen groups that have formed around the country to improve their public schools.

Herb Green, who is with me here today, represents Schoolwatch, which is one of these groups in New Jersey.

You may remember that chapter 2 was heralded as an important step toward making Federal programs easier to administer in paperwork and regulation, and more responsive to the needs of local communities.

From the citizen perspective, we feel that making Federal programs simple to administer and reducing paperwork are not nearly so high a priority as making them more responsive to community needs.

Parents and citizens do not see public involvement requirements as burdensome. Nor do we regard recordkeeping requirements as overregulatory. In fact, we feel that such requirements are essential to our involvement in local education matters.

With support from the Charles Stewart Mott Foundation since early 1982, NCCE has been conducting a project to establish an information clearinghouse on chapter 2.

We have just published an interim report entitled "No Strings Attached" the presents national data and trends on chapter 2 as well as case studies on seven States' experience with chapter 2.

Our belief in the importance of parent and public involvement in education stems from a deep conviction that the public schools belong to the community they serve, and that parents have an inalienable right to affect what happens to their children in school.

Parent involvement has also beneficial side-effects—I think the most important is that parent involvement helps to improve student achievement.

The adoption of chapter 2, as you are well aware, signaled a major shift in Federal education policy from specific programs targeted to areas of recognized national need to a single grant where State and local education agencies can choose from a smorgasbord of programs.

Then, of course, another major change in the law is that private schools are eligible for a proportionate share of the funds received by local districts.

The formula that distributes chapter 2 funds from Washington, D.C., to the States is based solely on schoolaged population. It has replaced a hodgepodge of funding mechanisms and the key result, although perhaps unintended, has been, as we have heard today, a massive redistribution of Federal funds away from States serving large numbers of poor, nonwhite children.

The shifts in funding among school districts within States have been even more dramatic than the shifts among the States. Especially hard hit, of course, are the Nation's 30 largest school districts where nearly half the Nation's racial minority children attend school.

The vehicle for this change has been the formula each State has devised to distribute chapter 2 funds to local districts. Nearly all States have chosen to retain the maximum 20 percent for State-level activities, and to pass the minimum 80 percent along to local districts.

The average State chapter 2 formula sends out about 70 percent of its local aid on the basis of enrollment, and about 30 percent for high-cost children, although, as you noted earlier, Mr. Chairman, there are tremendous disparities. Mississippi, the poorest State in the country, has the most lightly weighted formula, sending out 95 percent on the basis of enrollment.

New York, Mr Chairman, also has a relatively lightly weighted formula. It sends about 86 percent out for enrollment and 13½ percent out for low and high achievement.

Most States adopted formulas very similar to the ones they used before to distribute title IV-B ESEA aid for books, equipment, and instructional materials. In fact, the average State's IV-B formula is almost identical to the average chapter 2 formula, and sent out 67 percent on enrollment and 33 percent for high-cost children.

There were, of course, several States that really tried to target extra aid to needy children. But they were severely inhibited by the design of chapter 2. First, they had less money to spend because of the 12-percent overall cut, and a national distribution formula that disregards need.

Then they faced the requirement that all districts have to receive some funding regardless of need. They are not permitted to hold from harm those districts that lost large desegregation grants. And then once the States send out the funds, the local districts have to share them with private schools. To cap it, all off—I think this is a very important point to make—the States cannot require the districts to spend the money on the needy children who brought it there. There is no requirement anywhere in the law that says that a local district must spend the money on the children the State's formula identified as needy.

There is not any incentive for the States to use chapter 2 to meet their needs. They can't send the money where it would help most, and they can't insure that it is going to be spent on those who need it the most.

Mr. Chairman, I think it is clear that much of the shift in funding under chapter 2 has occurred not as a result of States seizing the opportunity to reroute their Federal funds but as a result of congressional action. And if the situation is to be improved, Congress has to change the law.

Let's look for a minute at changes in how the funds are being used. Despite their increased discretion over how to use the funds, States are supporting a mix of programs and activities very similar to the antecedent programs and in approximately the same proportion. For example, title V of the Elementary and Secondary Education Act provided $42 million in 1981 for strengthening ESEA management. Under chapter 2, States will use about $43 million for the same purpose.

There has, however, been one major and important change in State programs and that is the huge reduction in programs for competitive grants for local districts.

Under title IV–C of ESEA, you will remember, most States developed strong programs for encouraging local innovation and improvement. Nearly 60 percent of the programs selected by the Education Department's National Diffusion Network as models for other districts to use were funded by title IV–C. In effect, IV–C provided risk captial, funds that served as an incentive to stimulate excellence in local practice.

Under chapter 2 it would be extremely difficult to mount a similar program on that scale. The law requires 80 percent of the States funds to be distributed via the local aid formula. There is no provision in the law for reserving a portion of the local share to be awarded competitively for programs of special merit.

While the States have maintained their capacity to assist local districts in developing local programs, there are not enough funds left over to help districts pay for the programs.

Only 10 States have reserved a portion of their 20 percent for competitive grants to local districts and many of these were States that lost a large amount of Emergency School Aid money. And some or all of those funds have been reserved for desegregation projects.

Once the Emergency School Aid Act programs have been phased out, the future of competitive grants is unclear.

At the local level, we have heard officials report they are using chapter 2 to purchase instructional materials, and especially computers. According to the American Association of School Administrators, 88 percent of local districts are spending most of their grants for materials. Just under 6 percent are funding desegregation programs.

Local spending patterns closely resemble IV–B ESEA, just as the allocation formulas do.

I think the computer issue raises a larger and more important point about block grants versus categorical programs. Federal aid provides only 7 to 10 percent of the funds needed to support public schools. If we distribute it to all school districts with only minimal regard for need or purpose, as we have under chapter 2, it tends to provide a small but convenient petty cash fund. If we channel it into programs designed to meet critical educational needs, as we often did under the categorical programs, it can provide local communities with substantial assistance in meeting their problems.

The task facing us is to balance national interests with local need. The categorical programs did tend to be rigid, top-heavy, and overly regulatory. But chapter 2, for all its simplicity and convenience, provides no incentive for excellence and no accountability for results. I think this last point particularly concerns us as a parent/citizen organization looking at the effectiveness of parent and public involvement in chapter 2, and whether chapter 2 has delivered on its promise to be more responsive to local communities.

The degree of influence that State advisory committees exerted over the formula varied a great deal. The States that lost substantial ESAA money tended to use their State advisory committees as a vehicle for securing consensus on the chapter 2 formula. I think they found them very useful for that purpose. But States that did not face great change under chapter 2 tended to use their committee in a most pro forma manner, and to insure that the administrator interest was always in firm control.

It is especially interesting to study the behavior of the State education agencies in States that gained funding under chapter 2. That is where the SEA gained funding, but where major urban districts lost large desegregation grants.

I think the case of Ohio is particularly interesting. Our case study author pointed out not one member of the State advisory committee represented Cleveland, Columbus, or Dayton—districts that had just lost substantial desegregation grants.

The State advisory committee met without public notice. Minutes of its proceedings are not available and it did not produce a final report. Although the State education agency gained a 64-percent funding increase from chapter 2, the possibility that it could pass more than 80 percent along to local districts was apparently not seriously discussed.

The formula was not weighted to help desegregating districts. The State did not fund a competitive grant program, and the State agency is not using any of its share for desegregation assistance.

State advisory committees operate at a serious disadvantage, especially their lay members. They are dependent on State agency staff for information; they don't have budgets of their own, and they are usually weighted with colleagues of the State superintendent of education.

It is not surprising that our studies report a high level of frustration among State advisory committee members.

I am going to let Herb tell the story of what happened in chapter 2 in New Jersey and in some of the local school districts.

The last point I want to make is about accountability in chapter 2. I think a major consequence of divesting Washington and State capitals of their authority and of deregulating the program is that one level of government becomes only minimally accountable to the next.

The late John Ashbrook, who was the author of chapter 2, intended the program to be a guarantee of local control, close to local voters and parents of schoolchildren even against efforts by the State to interfere in the use of Federal funds.

If local officials do not have to be responsible to State and Federal officials, the argument goes, then they are free to be responsive to local taxpayers.

The case studies provide interesting evidence that it just does not work that way. Instead, it seems that if local officials do not have superior officials to account to, they do not have to account to anyone.

The lack of reporting requirements means there are no reports for citizens to read. The lack of State and Federal direction means there is no higher level of authority for parents or citizens to appeal to.

The lack of binding regulations—you remember, the ECIA specifies that the regulations shall not have the force of law—or of binding guidelines, the education department had issued only a nonbinding handbook, means there are no rules or standards for the public or anyone else to hold officials to.

The source of the problem is that the law attempts to make Federal programs more responsive to local need by moving authority over decisions from one set of officials to another.

There are no provisions for increased community involvement, or even protections for the low level of participation that is prescribed. Time and again we see that public involvement becomes constituency involvement, and that the constituents of officials are other officials, not the public or parents.

State agencies meet public notification requirements by sending notices to county or local superintendents' offices. Local districts provide for systematic consultation of parents and teachers by asking the local school board to ratify their chapter 2 applications.

I think that the conclusion of our author from Ohio puts it very well: Loosening the regulations regarding citizen involvement lessens citizen involvement, because local districts will do the minimum they are required to do. Blockgranting a relatively small amount of money does not bring decisionmaking closer to the people. If anything, it isolates State and local administrators from critical scrutiny of what they do with Federal funds.

Mr. Chairman, this is an interim report. We have a lot more data to collect and analyze, and in a few months we expect to make a number of specific recommendations. But I think the areas for improvement are fairly clear.

We need to examine carefully whether chapter 2 can be overhauled to make it an effective and responsive program, or whether it needs totally to be replaced. But whatever we decide to do, we must consider whether there is a way to make a national formula more responsive to the relative educational needs of the States.

We need to ask whether we can afford to continue the policy of aid to private schools when our public schools are in serious trouble.

We need to see what incentives will encourage States and local districts to direct effective programs toward needy children.

We need to insure accountability and set reasonable standards without creating excessive paperwork.

And we need to see how to guarantee meaningful parent and public participation in Federal programs at all levels.

Mr. WEISS. Thank you, Ms. Henderson.

[The prepared statement of Ms. Henderson follows:]

TESTIMONY

by

ANNE T. HENDERSON
ASSOCIATE

NATIONAL COMMITTEE FOR CITIZENS IN EDUCATION
COLUMBIA, MARYLAND

presented to

THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
AND HUMAN SERVICES
of the
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

September 20, 1983

Mr. Chairman, members of the subcommittee, my name is Anne Henderson. I am the Associate for Federal Relations at the National Committee for Citizens in Education, a non-profit group that provides a variety of information and services to parents and citizens to help them become responsibly involved in the public schools. NCCE also monitors parent involvement in the implementation of federal education programs. In these efforts, we work with over 350 parent/citizen groups that have formed to improve their schools around the country.

Since early 1982, NCCE has been conducting a project, with support from the Charles Stewart Mott Foundation, to help establish an information clearinghouse on Chapter 2 for parents, citizens, educators and researchers. We have just produced an interim report on the education block grant entitled "No Strings Attached." The report, which I plan to summarize in this testimony, is composed of three chapters that present national data and trends, and seven case studies on the implementation of Chapter 2 in these states: California, New Jersey, Ohio, Rhode Island, South Carolina, South Dakota and Washington.

Chapter 2 was heralded as an important step toward making federal programs easier to administer, less burdensome in paperwork amd regulation, and more responsive to the needs of local communities. A tangle of funding mechanisms, application timetables, reporting requirements, and guidelines has been replaced by a single program that provides a wide range of options and very few restrictions.

From the citizen perspective, making federal programs simple to administer and reducing paperwork are not so high a priority as making them more responsive to community needs. Sometimes these goals even work against each other. Parents and citizens do not see public involvement requirements as "burdensome" to local districts, nor do we regard record-keeping requirements as "over regulatory." In fact, we feel that such requirements are essential to responsible public involvement in local education affairs.

Our belief in the importance of parent and public involvement in education stems from a deep conviction that the public schools belong to the community they serve, and that parents have an inalienable right to affect what happens to their children in school. It is central to our democracy that citizens participate in the governing of our institutions. Parent involvement also has some very beneficial side effects. Perhaps the most important is that parent involvement helps to improve student achievement. NCCE has published an annotated bibliography, which I edited, of recent research showing that the success of education programs varies directly with the degree of parent involvement, and that children whose parents are involved in their education do better in school.

In our report, we have attempted to answer the following questions:

1. Have the changes in the way funds are distributed and used under Chapter 2 been in response to genuine assessments of state and local needs, or to other pressures and conditions?
2. Have the provisions for public involvement in Chapter 2 been effective and what role have parents and citizens played in program decisions?
3. Now that funds may be used with virtually "no strings attached," are states and local districts still supporting the more controversial programs, such as voluntary desegregation and school improvement?

The adoption of Chapter 2 signalled a major shift in federal education policy, from very specific programs targeted to areas of recognized national need, such as reducing the isolation of minority group children, to a single grant, where state and local education agencies can choose from a broad array of programs the ones that fit their needs and preferences. Another major change in the law is that private schools are eligible for a proportionate share of the funds received by local districts.

A total of about $455 million is available to states under Chapter 2. Funds flow from the Education Department to the states according to their school-aged population. The State Education Agency (SEA) may reserve up to 20 percent for state programs; the remaining 80 percent (or more) must be distributed to local districts by means of a formula designed by each state. The formula must be based on enrollment, but weighted to allow more help to districts with concentrations of children whose education costs are above average.

The decisions about how much the SEA will reserve, what state programs are to be supported, and how the formula is to be weighted, must be made in consultation with a State Advisory Committee appointed by the governor and representative of the educational interests in the state, including parents and schoolchildren.

Chapter 2 is divided into three parts, each containing a type of program the SEA or local school district may support. Both state and local agencies may choose any or all of the programs:

Part A: Basic Skills Development

Part B: Improvement and Support Services (including books and instructional materials; guidance counseling and testing; staff and management development, and voluntary desegregation)

Part C: Special Projects (including metric, arts, consumer, health, environmental, and gifted programs; community education; and career education).

In deciding how to use its funds and in the design, planning and implementation of the program, a local district must provide for "systematic consultation" with parents, teachers and administrators.

Changes in the Distribution of Funds

The formula that distributes Chapter 2 funds from Washington, D.C., to the states is based solely on school-aged population. It replaced a hodgepodge of funding mechanisms ranging from enrollment-based formulas to competitions for best proposals, to grants for school districts under court order to desegregate. The key result, although perhaps unintended, has been a massive redistribution of federal funds away from states serving large numbers of poor, non-white children. The winning states, on the other hand, tend to be more sparsely settled, with a few minority children and more healthy economies.

The shifts in funding among school districts within states has been even more dramatic than the shifts among states. Especially hard hit by the redistribution are the nation's thirty largest school districts, which have lost a total of 45 percent of funding from antecedent programs under Chapter 2. Nearly half of the nation's racial minority children attend school in these districts.

The vehicle for this change has been the formula each state has devised to distribute Chapter 2 funds to local districts. Nearly all states (45 of 50) have chosen to retain the maximum 20 percent for state-level activities, and to pass the minimum 80 percent along to the local districts. Because many SEAs have experienced state and federal budget cuts, they were able to argue effectively for keeping the maximum level support under Chapter 2.

The average state has split its formula aid to local districts so that about 70 percent is distributed for enrollment and 30 percent for "high-cost" children. High-cost is most commonly defined as from low-income families, sparsely-settled areas, or districts with high tax effort. This means that a district will receive a certain amount for every school-aged child and an additional amount for the high-cost children that have been identified in the state formula. There are, however, tremendous disparities among states in the types of formulas selected. Mississippi, the poorest state in the country, has the most lightly weighted formula: 95 percent goes out for enrollment, and 5 percent for high-cost children. Connecticut, one of the wealthiest states, adopted the most heavily weighted formula, setting aside 21 percent for enrollment and distributing 79 percent for low-income and isolated minority children. (See chart on the following page).

Most states developed formulas very similar to the ones used to distribute Title IV-B ESEA aid for books, equipment, and instructional materials. In fact, the average state's IV-B formula, is almost identical to the average Chapter 2 formula: 67 percent for enrollment and 33 percent for "high-cost" children.

There were, of course, several states that really tried to target extra aid to needy children. But they were severely inhibited by the design of Chapter 2. First they had less money to send. Then, they faced the requirement that all districts must receive some funding regardless of need. They also were not permitted to hold from harm those districts that loose big desegregation grants. Once they sent out the funds, the local districts have to share them with children in private schools. To cap it all off, they cannot require the districts to spend the money on the needy children who brought it there. Let's face it, there is not much incentive for states to use Chapter 2 to meet their needs when they cannot really send it where it would help the most and cannot ensure that it will be spent on those who need it.

Mr. Chairman, it should be clear by now that much of the shift in funding under Chapter 2 has occured as a result of congressional action, not as a result of states' seizing the opportunity to re-route their federal funds. If the situation is to be improved, the Congress must change the law.

Changes in How Funds Are Used

Despite their increased discretion over how to use the funds, State Education Agenicies (SEAs) have made few changes in the mix of programs and activities they are supporting with federal monies this year. The average state received a total grant of $8.5 million last school year and reserved

CHAPTER 2 FORMULA: STATE COMPARISON

State	State Appropriation	State Setaside	Percentage of Remaining Funds Distributed on Enrollment/Spec. Needs	Low Income	Sparse Population	Tax Effort	Limited English Proficiency	Gifted and Talented	Low/High Achievement	Desegregation, Minority Isolation	Handicapped	Other
				Special Needs Distribution								
AL	$ 7,633,794	10%	80%/20%	8%		2%		10%				
AK	2,187,360	20	30/70	25	25%						20%	
AZ	5,098,409	10	98/02	*	*			*				
AR	4,373,525	20	90/10	10								
CA	41,291,513	19.5	42/58	8.5	1.5		5%			43%		
CO	5,222,993	20	83/17	16	1							
CT	5,626,052	20	21/79	60						18		1%
DE	2,187,360	20	70/30	10				10			10	
FL	15,925,153	17.5	64/36						36%			
GA	10,864,740	20	50/50	50								
HI**	2,187,360	20	100/0									
ID	2,187,360	20	85/15	10	5							
IL	21,163,056	20	70/30	30								
IN	10,582,428	20	83/17	15	2							
IA	5,330,630	20	75/25	20			5					
KS	4,129,341	20	88/12	9	1						2	
KY	7,057,931	20	84/16	7	7	2						
LA	8,545,996	20	85/15	10							5	
ME	2,187,360	20	60/40	40								
MD	7,896,681	20	80/20	11.5							8.5	
MA	10,173,811	20	40/60	60								
MI	18,231,652	20	58/42		6				18	18		
MN	7,629,692	20	82/18	12	6							
MS	5,283,645	20	95/5	*	*						*	*
MO	8,895,073	20	78.5/21.5	18.5	3							
MT	2,187,360	20	71/29	9	2	18						
NE	2,861,216	20	75/25	5							20	
NV	2,187,360	20	90/10	10								
NH	2,187,360	20	50/50		*	*					*	
NJ	13,484,913	20	30/70	20				5	25	20		
NM	2,665,553	20	70/30		30							
NY	31,340,643	20	86.5/13.6		.3		.2		13			
NC	11,047,452	20	70/30	30								
ND	2,187,360	20	87/13	9	4							
OH	20,354,591	20	77/23	22	.04						1.6	
OK	5,484,556	20	80/20	5	10						5	
OR	4,631,497	20	70/30	9	.5		2.5	4		7	7	
PA	20,966,546	17	60/40	35	5							
RI	2,187,360	20	60/40	23			6				11	
SC	6,203,610	20	70/30	30								
SD	2,187,360	20	90/10		5						5	
TN	8,578,920	20	*	*								
TX	27,672,974	20	73/27	15			5				7	
UT	3,088,956	20	77/23		*						*	*
VT	2,187,360	20	60/40	31	9							
VA	9,824,822	20	65/35	18					17			
WA	7,348,289	20	50/50	15			5	10		20		
WV	3,652,769	20	90/10	5							5	
WI	8,919,131	20	50/50	50								
WY	2,187,360	20	*		*	*		*				

* Distribution based on a weighted per-pupil formula that takes into account the high cost of educating special needs children.

** Hawaii has only one school district.

the full 20 percent for state programs. Of this amount, it will use about $200,000 to administer Chapter 2, including processing local district applications and grants. Nearly 75 percent of the state share has been spent for improvement and support programs, which are largely devoted to maintaining SEA administrative capacity, i.e. paying staff salaries and expenses.

In other words, state Chapter 2 funds are, with few exceptions, being spent the way they were under the antecedent programs and in approximately the same proportion. For example, Title V ESEA, provided $42 million in 1981 for strengthening SEA management. Under Chapter 2, approximately $43 million will be used for the same purpose.

Chapter 2 has, however, brought about a structural change that has greatly reduced state resources for competetive grants to local districts. Under Title IV-C ESEA, most states developed strong programs for encouraging local innovation and improvement. The success of their efforts is indicated by the high proportion of IV-C programs (nearly 60 percent) selected by the Education Department's National Diffusion Network as models for other districts to use. In effect, IV-C provided "risk capital," funds that served as an incentive to stimulate excellence in local practice.

Under Chapter 2, it would be extremely difficult to mount a similar program on the scale of IV-C ($66 million). The law requires that 80 percent of the state's funds must be distributed locally via the formula. There is no provision for reserving a portion of the local share to be awarded competetively for programs of merit. The remaining 20 percent, which is to be used for state programs, barely covers, for most states, the staff who were supported by Title I and the antecedent programs. While the capacity remains to assist local districts in developing and evaluating local programs, there are not enough funds left over to support more than a few local programs.

Even so, ten states have reserved a portion of their 20 percent for competetive "mini-grants" to local districts. In the states that lost a large amount of ESAA money, some or all of the funds are reserved for desegregation projects (Connecticut, Florida, New Jersey, Indiana, Wisconsin), thereby creating another way to compensate ESAA deitricts for their losses. Florida and Indiana have added requirements that local districts must match the state grant with either local funds or Chapter 2 funds, thereby enlarging the scale of the program.

At the local level, officials report they are using Chapter 2 to purchase instructional materials -- books, audiovisual equipment, and especially computers and computer software. According to the American Association of School Administrators, 88 percent are spending most of their grant for materials, about 30 percent are supporting programs for school improvement, and about 15 percent are funding guidance and testing programs or projects for gifted children. Only 5.7 percent are funding desegregation programs.

Of all the programs consolidated into Chapter 2, the one it most resembles is Title IV-B ESEA. While many urban districts were successful in attracting a variety of federal grants, small districts (the winners under Chapter 2) were familiar only with IV-B. Consequently, they have used the new funds for the same purposes: books, materials and computer equipment. The uncertainty over future funding for the program also made "non-recurring" expenditures more practical.

Nearly 50 percent of the districts surveyed by the AASA report spending some funds for computer hardware and software. Whether they have a program to integrate the new technology into their curriculum is another matter.

According to a new study by the Center for Social Organization of Schools at the Johns Hopkins University, nearly three-quarters of the schools that own computers leave the machines idle for more than half the school day, for lack of planning and personnel preparation.

The computer use issue raises a larger, more important point about the merit of block grant versus categorical programs. Federal aid provides only about 7 percent of the funds needed to support local public schools. If it is distributed to all school districts with only minimal regard for need or purpose, as it has been under Chapter 2, it will tend to provide a small, but convenient slush fund for local officials. If it is channeled into programs designed to meet critical educational needs, as it has often been under the categorical programs, it can provide local communities with substantial assistance in meeting their problems.

The task facing Congress and the public is to balance national interest with local need. The old categorical programs, for all their admirable intent, were often rigid, top-heavy, and overly regulatory. Chapter 2, for all its simplicity and convenience, provides no incentive for excellence and no accountability for results.

Parent and Public Involvement in Chapter 2

Chapter 2 has brought about a profound change in the governance of the programs it consolidated. While the states have the authority to design the formulas for local aid and to administer statewide programs, the responsibility for the selection, design, and implementation of local programs now rests entirely at the local level. Our case studies tell the story of how and in what ways the state advisory committees have served as a vehicle for public involvement.

The effectiveness of the state advisory committees (SACs) varies with their size, the calibre of members, and their diversity. In the states we studied, SAC size tended to vary with the political complexity of the state and the importance attached to the task by the governor. Most SACs were dominated by professional educators; those where lay and professional members were evenly proportioned tended to be more independent.

The degreee of influence that the SACs we studied exerted over the formula varied a great deal. States with strong traditions of local control tended to have SEAs that are staffed with former school administrators and SACs that are dominated by local practitioners. Although the SEA appears to defer to the SAC, in reality, the "old boy" network operates so that the administrator interest is in firm control.

The states with districts facing huge cuts in desegregation aid (California, New Jersey, Rhode Island, and Washington), saw their SACs as a vehicle for securing broad consensus on the Chapter 2 formula. In some ways, their SAC meetings were reminiscent of legislative sessions, with clearly defined issues and debate from all sides. Clearly those states facing the greatest change from Chapter 2 found the SACs extremely helpful in managing the upheaval. Those that were not greatly affected treated their SACs as a pro forma exercise.

The SACs tended to have even less influence over how much the SEA would keep for state programs and what activities would be supported than they had over local aid formulas. Most SEAs, except those in the smallest states, gained funding under Chapter 2, because they now receive a share (20 percent) of all the programs consolidated. Ironically, SEAs in states that lost ESAA funding tended to gain large amounts (around 40 percent), because ESAA, which comprises nearly a third of the funding consolidated, used to go directly to local districts without any state participation. They have, however, taken reductions in state aid and in administrative funds for

Chapter 1. (The Title I setaside was 1.5 percent; under Chapter 1 it is one percent, a reduction of one-third).

It is interesting to study the behavior of the State Eduction Agency in states where the SEA gained funding, but where major urban districts lost large desegregation grants. In the SAC minutes and from the case studies, it appears that SEAs tended to obscure their gain under Chapter 2 by presenting the losses from other programs (notably Chapter 1) at the same time.

Ohio presents an especially interesting case. As our case study author points out, not one member of the SAC represented Cleveland, Columbus, or Dayton, districts that had just lost substantial desegregation grants. The SAC met without public notice. Minutes of its procedings are not available, nor did it produce a final report. Although the SEA gained a 64 percent funding increase from Chapter 2, the possibility that it could pass more than 80 percent along to local districts was not seriously discussed. The formula was not weighted to help desegregating districts, the state did not fund a competetive grant program, and the SEA is not using any of its share for desegregation assistance.

SACs, especially their lay members, clearly operate at a disadvantage. They are dependent on SEA staff for information, they do not have budgets of their own to hire researchers or even to check with Washington, and they are usually weighted with colleagues of the State Superintent of Education. The SEA staff have been dealing with advisory committees for years and they know how to treat fractious members. The first meeting is not called until late in the season, after the staff has developed their proposals thoroughly, and uncomfortably close to the application deadline. Several very helpful

SEA staff attend the meeting and pass out reams of paper for the members to shuffle and digest. Most of the meeting is devoted to hearing staff presentations; most SAC members' questions are answered patiently, and at length, by SEA staff.

At subsequent meetings, where the SAC members are better prepared, the "time crunch" is frequently invoked. Difficult or pointed questions are referred to staff for a written response "as soon as possible" -- but not the day of the meeting. Budget information is presented so that its complexity is maximized and its relevance is obscurred. The case studies are full of such examples. It is not surprising that most report a high level of frustration among SAC members.

Accountability in Chapter 2

A major consequence of divesting Washington and state capitals of their authority and of "deregulating" the program to minimize reporting and paperwork is that one level of government becomes only minimally accountable to the next. The author of Chapter 2, the late John Ashbrook (R-Ohio), intended the program to be "a guarantee of local control, close to local voters and the parents of school children even against efforts by the state to intefere in the use of federal funds..."[1] If local officials are not responsible to state and federal officials, then they are free to be responsive to local taxpayers, the argument goes.

The case studies provide interesting evidence that it does not work that way. Instead, it seems that if officials do not have superior officials to account to, they do not have to account to anyone.

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[1] Quoted in Education Times, 5/3/82

The lack of reporting requirements means there are no reports for citizens to read. The lack of state and federal direction means there is no higher level of authority for parents to appeal to. The lack of binding regulations (the ECIA specifies that the regulations will not have the force of law) or guidelines (the Education Department has issued only a "non-binding" handbook) means there are no rules or standards for the public to hold officials to. If anything goes, then anything goes.

The source of the problem is that the law attempts to make federal programs more "responsive " to local need by moving authority over decisions from one set of officals to another. Provisions for increased community involvement -- or even protections for the low level of participation that is prescribed -- are not made. Time and again we see that public involvement becomes constituency involvement, and that the constituents of officials are other officials, not the public or parents. SEAs meet public notification requirements by sending notices to county or local superintendents' offices. Local districts provide for "systematic consultation" of parents and teachers by asking the local school board to ratify their Chapter 2 applications.

It is well-known in politics that floors become ceilings. Minimum requirements become maximum activities. As Carla Edlefson, our author from Ohio, put it, "Loosening the regulations regarding citizen involvement (the requirement that local districts must provide assurance that they have consulted with citizens is a loose requirement) will lessen citizen involvement, because local districts will do the minimum they are required to do. In Ohio, block granting a relatively small amount of money did not bring decision-making closer to the people. If anything, it isolated state and local administrators from critical scrutiny of what they do with federal funds."

Mr. WEISS. Mr. Green?

STATEMENT OF HERBERT GREEN, EXECUTIVE DIRECTOR, SCHOOLWATCH, TRENTON, N.J.

Mr. GREEN. Mr. Chairman, members of the subcommittee, my name is Herb Green. I am the executive director of Schoolwatch, which is a statewide coalition of business, civic, and religious organizations in New Jersey, and it monitors the implementation of our State education laws. The coalition came together 6 or 7 years ago out of a shared concern about the condition of education in our urban districts.

New Jersey, as you know, is a State without one of the great city urban districts but, nevertheless, has probably more of them than any other State in the Union; most of them being small districts.

I am, as a matter of fact, a former school board member in one of those urban districts.

I applaud the subcommittee's effort to sort out the appropriate roles of the different levels of government in education, particularly with respect to block grants. As a matter of fact, that is one of our major functions in New Jersey, to try to sort out the appropriate roles for the State government and local district.

I am happy to participate here to try to add some perspective to this discussion. I associate myself, without reservation, with all of the remarks of Anne Henderson, who preceded me, and intend here only to add a little specificity with regard to the State of New Jersey and one urban district, and hope that that can be helpful to you.

Whatever the intent of Congress, the evidence in New Jersey is quite clear that chapter 2, under the new education block grant, those poor urban districts that had been successful in obtaining Federal grants lost considerable sums of money.

You have heard that repeated over and over again and the reason clearly is that the funds were spread out over the State often to districts that would have difficulty demonstrating a need for them, and to private schools attended by children often from wealthy families with much less need than children in urban districts.

This has happened, by the way, in spite of the fact that the State advisory committee, which developed the formula in collaboration with the State department of education, was truly representative and made a serious effort to involve the public and exercise considerable initiative in making chapter 2 as responsive as possible to the needs of our State.

We are one of those States in which the State advisory committee did work hard, was truly representative, and did an outstanding job. I did finally come up with a formula which was probably one of the most heavily weighted toward districts with concentrations of children who are poor minority and behind in school. But even with that, many districts with pressing educational needs lost aid while private schools gained tremendously.

This, I feel, is not attributable to how New Jersey handled chapter 2 but rather to flaws in the program structure that only Congress can correct. I think those flaws have been amply detailed for you by previous speakers.

I will skip over the activities of our advisory committee. We had a false start in New Jersey. We had one committee that was probably not legally constituted. We had a second one and the second one did its work rather well and came up with that well-balanced formula that I identified.

The initial formula that they came up with, however, did not make any allowance for the districts that had lost considerable sums of ESAA money and so they went back to work after public hearings, after public input, and did design a formula which made an effort to hold some of those ESAA districts harmless but it didn't succeed very well. That is to say that we still ended up with a large number of districts which lost considerable sums of money; not as much as they would have under the original formula but, nevertheless, they lost money.

The other major task of the committee was to advise in the amount and use of funds to be reserved for statewide activities. The State of New Jersey chose to withhold, as most States did, 20 percent. And here again, the State advisory committee asserted itself. The department of education recommended that it be allowed to keep the full 20 percent permitted by law and to create, among other things, a statewide computerized data network to serve local districts and county and regional agencies.

The committee, although it recognized the value of State services, wished to maximize the amount of dollars flowing to local districts.

The final plan approved by the committee did not include the computer network and instead, allocated about $400,000 for grants to districts with approved desegregation plans.

So that the State process in New Jersey appears to have been working pretty well and yet the outcome is very much the same as those that you heard reported from other States, which suggests something more being wrong than just the way a State advisory committee operates.

Now, the story of chapter 2 in my own school district, Plainfield, is very different, and here I want to say that I am not just focusing attention on Plainfield with the idea of embarrassing local officials; it is just that I know about Plainfield more than I know about other districts in the State, having been a school board member there and still a resident. And also because from my inquiries around the State of New Jersey, the experience in Plainfield is hardly untypical.

Plainfield is an urban community with approximately 46,000 residents, 65 to 70 percent of whom are minority. There are 7,600 children in the public schools, which are about 90 to 95 percent black and Hispanic. Approximately 1,700 school age children board buses every morning for private and parochial schools, and a large percentage of these youngsters are minority too.

Now, on the question of who needs help the most, although their scores on State-administered basic skills tests have improved considerably over the past 5 years, we still have a large percentage of public schoolchildren who are unable to meet minimum standards.

There is, for example, clear statistical evidence of the difficulty Plainfield High School graduates encounter as they attempt to continue their education.

Last year, of the 167 college-bound students who took the SAT—most of whom who earned A's and B's in their English courses; 20 percent of whom had been in honors courses; 92 percent of whom said that they expected to go on to a 4-year baccalaureate; 45 percent of whom said that they expected to go on to graduate study—44 percent were unable to score even a 300 on the verbal, which, as you know, starts at 200.

That, to me, is a dramatic statement and it suggests the tremendous failure of our schools to meet the needs of these children. I think it is a serious statement of the ineffectiveness of our schools and a serious statement about the considerable needs of these students. And when you compare what these kids are doing with what others are doing in other districts, in response to the question that Congressman Walker has asked over and over again—in an era where we have fiscal constraint, you have go to pick out those children who are in greatest need.

Plainfield has not been a particularly successful competitor for funds from the ESAA program particularly and from other consolidated programs as well. So Plainfield turns out to be a winner.

Here, Mr. Chairman, on page 5, I would just like to make a correction for purposes of clarity in paragraph 2. The programs I identify, which will be folded into the block grant program, are programs that have been chosen for this present school year. That is not clear in the statement here. These programs include a teen mothers program, a computerized reading program at one school which uses computers and other hardware, a districtwide substance abuse program, an aerospace program at the high school, a districtwide school climate program, a computer staff training program, and a program to purchase computer hardware and software.

It is impossible for me to detect any strategy for the use of chapter 2 funds in this conglomeration of programs. And, as a matter of fact, I responded, my ears perked up, during the testimony of Dr. Fort when he talked about the ways in which people start grabbing at some of these funds when there are not specific requirements from the funding authority as to how those funds should be used.

As a former school board member and as a concerned citizen, I have to question seriously how well any of these programs, regardless of their relative merits, can be implemented out of a $111,000 budget. This district plans to spend $50,000 on computer hardware alone and to spread the rest over the remaining programs. I do not see how any can be carried out effectively.

Let me describe very briefly the process by which my district selected these programs. First, the district projected the amount of revenues from all sources, including chapter 2. After it arrived at a total budget figure, it developed a spending plan. Only then did it go back and identify programs and activities that qualified for chapter 2 funding, mixing and matching programs that added to $111,000. Then it wrote its application for funds.

It is probably a good guess that the programs identified for chapter 2 are not highly valued but were programs that could be easily disposed of if Federal funds dry up.

We are witnessing in our town, and I think in other towns as well, the use of chapter 2 as general aid and not support for well-thought-out improvement efforts.

Finally, I just want to talk about parent involvement. Last year, the first for chapter 2, there was absolutely no parent involvement in the district's plan. As a private citizen, I complained to the school board that I did not consider the requirement for systematic consultation of parents to be satisfied by board approval of an administration plan.

The board of education itself was not really knowledgeable about what was going into this plan.

This school year the district has decided to organize a committee, I am told as a result of my complaint, to consult with on chapter 2. It is composed of two administrators, four or five teachers; and it turns out not two executives of social service agencies as stated in my statement, but one executive of a social service ageny and a woman who had been an executive but is now in the city government. There are no parent members—selected, that is, because they are parents—and this committee, to my knowledge, met only once when they were presented with and accepted, the administration's proposal.

In my experience, and that of my colleagues, this is typical of the way school districts deal with public involvement requirements, especially those where the district has only to "assure" that they were met to meet the requirements.

If chapter 2, or any Federal program, is to be truly responsive to local communities, the requirements for public involvement must be strong, and they must be enforced.

My observation is that our present system is, in a practical sense, a guarantee that not only will the Federal and State governments keep their hands off the local decisionmaking process, it also assures central administrators and local districts that they need not worry about their own school boards, their own citizens, or their own professional colleagues. Few people participate in deciding which programs will be funded to meet which needs and no one will participate in the evaluation of program effectiveness if, indeed, any is conducted.

Thank you very much for your time and your attention.

[The prepared statement of Mr. Green follows:]

TESTIMONY

by

HERBERT GREEN

Mr. Chairman, members of the Subcommittee, my name is Herb Green. I am the Executive Director of Schoolwatch, a statewide coalition of business, civic, and religious organizations that monitors the implementation of education laws in New Jersey. We were organized in 1977 and are funded by grants from private foundations and businesses. I am also a parent, a former school board member of an urban school district, and a 1947 graduate of the United States Naval Academy.

I applaud the Committee's effort to sort out the appropriate roles of the different levels of government in education, particularly with respect to block grants. I feel strongly that the federal government and the states should see to it that local governments carry out their responsibilities to the children they serve. Often, local officials have priorities that are not consistent with those of federal or state governement. In New Jersey, our state constitution says that the state must provide for a thorough and efficient education for all children. This responsibility is delegated to local school systems, but it has been necessary for the state to establish rules and see that they are followed. The federal government also must establish rules and enforce them if it wishes to see that federal funds are used in accordance with the intent of Congress.

Whatever the intent of Congress, the evidence in New Jersey is quite clear that under Chapter 2, the new education block grant, those poor urban districts that had been successful in obtaining federal grants lost considerable sums of money. Instead, funds were spread out over the state, often to districts that would have difficulty demonstrating need for them, and to private schools attended by children from wealthy families. This has happened in spite of the fact that the State Advisory Committee, which developed the formula in collaboration with the State Department of Education, was truly representative, made every effort to involve the public, and exercised considerable initiative in making Chapter 2 as responsive as possible to the needs of our state.

New Jersey's Chapter 2 formula is one of the most heavily weighted toward districts with high concentrations of children who are poor, minority, and behind in school. Thirty percent of the funds are distributed to all districts on the basis of enrollment, for the law requires that all districts must receive some funding, regardless of need. Seventy percent of the funds are targeted to districts with high socioeconomic need (20 percent), with students in need of basic skills improvement (25 percent), with students affected by desegregation activities (20 percent), and with students who are gifted and talented (5 percent). Even so, many districts with pressing educational needs lost aid, while private schools gained tremendously. This is not, I feel, attributable to how New Jersey handled Chapter 2, but to flaws in the program's structure that only Congress can correct.

In 1981, former Governor Byrne appointed the first State Advisory Committee for Chapter 2. Because of ambiguities in the law and a lack of direction from the Education Department, this Committee was composed almost entirely of members of the New Jersey State Board of Education. Many citizens in the state, including myself, felt it was unwise to appoint an advisory body made up of the very people who were supposed to receive its advice.

When Governor Kean, an experienced teacher who takes a great interest in education, took office in January 1982, he asked his Attorney General to rule whether the SAC was properly constituted. The Attorney General found that it was improper for the State Board to advise itself, and the Governor appointed a new committee.

The first advisory committee initially approved a formula recommended by the State Education Department that would have distributed aid 35 percent according to enrollment and 30 percent for socioeconomic need, 30 percent for low achievement, and 5 percent for gifted and talented. No provision was made for districts that were in the process of desegregation and had lost substantial Emergency School Aid Funds.

Because the proposed formula generated a great deal of controversy, the committee held several public meetings to explore formula revisions and to hear comments and recommendations from educators and the public. The final formula was approved by the second committee on June 1, 1982.

Under the formula first proposed, public schools would get 24 percent less than they had under the old programs, while nonpublic schools would gain 132 percent. In addition, twelve districts receiving ESAA grants and Title IV-C grants for innovative porjects would each lose in excess of $100,000. Public input from the educational community resulted in two broad recommendations. One was that a separate data base be developed for nonpublic schools and that they be funded on that basis. This was not permitted by the Education Department, which ruled that nonpublic schools must be treated exactly the same as public schools, and, in effect, that there is no way a state may reduce the proportion for nonpublic school children. The second was that a desegregation factor be added to the formula to give additional aid to the ESAA districts. This was accomplished.

The other major task of the committee was to advise on the amount and use of funds to be reserved for statewide activities. The State Department of Education recommended that it be allowed to keep the full twenty percent permitted by law, and to create, among other things, a statewide computerized data network to serve local districts and county and regional agencies. The committee, although it recognized the value of state services, wished to maximize the amount of dollars flowing to local districts. The final plan approved by the committee did not include the computer network, and instead allocated about $400,000 for grants to districts with approved desegregation plans.

The story of Chapter 2 in my own school district, Plainfield, is very different. Plainfield is an urban community with 46,000 residents, 65-70 percent of whom are minority. There are 7600 children in the public schools which are [illegible]0-95 percent black and hispanic. Approximately 1700 school-aged children board buses every morning for private and parochial schools; a large percentage of these are also minority.

Although their scores on state-administered basic skills tests have improved considerably over the past five years, we still have a large percentage of public school children who are unable to meet minimum standards. There is, for example, clear statistical evidence of the difficulty Plainfield High School graduates encounter as they attempt to continue their education. Of the 167 college-bound children who took the SAT last year, most of whom had earned A's and B's in English and reported high ambitions for their postsecondary education, 44 percent were unable to score even 300 on the verbal test.

Plainfield had not been a particularly successful competitor for funds from the programs consolidated into Chapter 2. In the year before Chapter 2 went into effect, it received only $54,000 from Title IV-B of ESEA. Last year, it came out a winner; under Chapter 2, Plainfield received a total of $124,000 -- $111,000 for public schools, $13,000 for private school use.

What are some of the programs for which Plainfield chose to use its Chapter 2 funds? There is a Teen Mothers program, a Reading Lab at one elementary school that uses a computer, a district-wide substance abuse program, an aerospace program at the high school, a district-wide "school climate" program, a computer staff training program, and a program to purchase computer hardware and software.

As a former school board member and a concerned citizen, I have to question seriously how well any of these programs, regardless of their relative merits, can be mounted out of a $111,000 budget. The district plans to spend $50,000 on computer hardware and spread the rest over the remaining programs. I do not see how any can be carried out effectively.

Let me describe the process by which my district selected these programs. First, the district projected the amount of revenues from all sources, including Chapter 2. After it arrived at a total budget figure, it developed a spending plan. Only then did it go back and identify programs and activities that qualified for Chapter 2 funding, mixing and matching those that added up to $111,000. Then, it wrote its application for funds. It is probably a good guess that the programs identified for Chapter 2 were not highly valued, but were programs that are easily disposed of if federal funds dry up.

Last school year, the first for Chapter 2, there was absolutely no parent or public involvement in the district's plan. As a private citizen, I complained to the school board that I did not consider the requirement for "systematic consultation" of parents to be satisfied by board approval of an administration plan. This school year, the district has decided to organize a committee -- I am told as a result of my complaint -- to consult with on Chapter 2. It is composed of two administrators, 4-5 teachers, and two executives of social service agencies with close ties to the administration. There are no parent members, and it has held no public meetings.

In my experience, and that of my colleagues, this is typical of the way school districts deal with public involvement requirements, especially those where the district has only to "assure" that they were met. If Chapter 2 -- or any federal program -- is to be truly responsive to local communities, the requirements for public involvement must be strong, and they must be enforced.

Thank you. I appreciate this opportunity to testify, and would be happy to answer any questions you may have.

Mr. WEISS. Thank you very much, Mr. Green.

I will defer my questioning. Mr. Walker?

Mr. WALKER. Thank you, Mr. Chairman.

I am pleased we have a couple of witnesses who believe that we in Congress are more fonts of wisdom and good works than the people at the local level are. I would submit that not many Americans agree with that. Congress came up rather low on the recent opinion poll of people who have the public's faith in terms of integrity. I think we were something above used car salesmen, but not very much above used car salesmen. Local officials tended to come out pretty well on that particular evaluation. So in terms of most Americans I think that they might trust what their neighbors are deciding more than what we in Congress or some bureaucrat in Washington is deciding.

But I was a little concerned, Ms. Henderson, with something that was said in your testimony and I want to clarify it. On page 9 of your testimony you say that the Federal aid distributed under chapter 2 tends to provide a small but convenient slush fund for local officials.

Now, the words "convenient slush fund" are pretty emotionally charged and they are certainly demeaning toward local officials. I would really like to have an explanation if you have some personal knowledge where Federal funds have been used as a slush fund, because that would be a total violation of Federal law and it would be something that I would demand an immediate investigation of if local officials are using money as a slush fund.

Ms. **Henderson**. Mr. Walker, the first meaning of slush fund in the Webster's New Collegiate Dictionary is a fund raised to buy small luxuries for a crew of a warship. If we think about that for a moment, it applies to chapter 2. I think that many school administrators feel that they are under siege and have used chapter 2 to purchase computers and instructional materials, which we can regard as small luxuries in the face of the overwhelming needs of our school systems. And it was in that sense that I meant small but convenient slush fund.

Mr. **Walker**. So you are not contending that they are using the money illegally?

Ms. **Henderson**. No, I am not. As a matter of fact, as I read my testimony I substituted petty cash fund.

Mr. **Walker**. OK.

Mr. Green, now, if I understand correctly your testimony, your testimony is that the community from which you come in New Jersey is 90 to 95 percent minority in the schools, black and Hispanic.

Mr. **Green**. That is right, sir.

Mr. **Walker**. Under the block grant funding, your community has received more than double what it got before and we heard testimony here earlier today that somehow these programs were not serving minority needs. It seems to me here is a case where the block grant program has served the community with tremendous minority needs. And, in addition, it is a community where there seems to be a very, very high need for educational upgrading if 44 percent of college-bound youngsters could not even score 300 on a verbal test.

Now, it seems to me in that instance, then, the block grant has worked to the betterment of a community that is minority-oriented. Now, if I understand your criticism correctly, what you are criticizing is the use of the money once it got to the community.

You don't dispute the fact that there is a need for the block grant money that went into the community, do you?

Mr. **Green**. Not at all.

Mr. **Walker**. OK. So, in other words, from the standpoint of this hearing, the block grant has worked on behalf of Plainfield at the present time and the minority conditions there. But we have a question about how the money has gotten used once it got to Plainfield.

Mr. **Green**. That is because of the absence of any kind of requirements as to the operation of an advisory committee in the local district or as to public participation in the development of the spending plan in the local district. This plan was just developed to satisfy—it is my understanding, at least—the interest or needs of some of the professionals in the district and not really with an eye toward the particular needs of the students.

Mr. **Walker**. Here's the Federal guidance of what should have been done with that program—given the verbal scores of the students, what they really needed was more metric education, wasn't it? What they really needed was more biomedical sciences and more correction education, and more law-related education, and more consumer education, and more preschool partnership programs. They need a safe schools program. That was really what their needs were under the Federal direction that formally was in the categorical programs. That was a direction we were giving them for spending that money.

Mr. GREEN. I would not want to justify what is being done foolishly now by a local district on the basis of what may not have been done well before by the Federal Government.

First of all, with regard to those other programs, it happens that Plainfield was not a winner in any of those programs. Plainfield didn't apply for any of them.

Mr. WALKER. That is the point, that Plainfield couldn't get money that it needed to address basic concerns of that district. They now have the money.

Now, your contention is that they are not still addressing those basic needs but at least they got the resources to address the basic needs with. It seems to me that local people certainly could make an awfully good case about what is needed in that school district in order to upgrade the opportunities for their kids far more so than we in Washington. Because we in Washington are going to go back—and we have already had testimony here today—are going to go back and recreate all of these programs if we go back to categorical programs.

Those aren't programs that are going to increase the verbal scores of those kids in Plainfield.

Mr. GREEN. The point is, of course, Congressman Walker, that in many districts there is no legitimate operation for determining those district needs and how those dollars that come into the district will be used. There is no requirement in chapter 2 that would require local districts to go about assessing their needs in a legitimate way and using this small amount of money, which is spread too far and too thin, to meet those needs. There is no requirement at all to see to it that the local decisionmaking process is a proper one.

Now, I think that is a failure and that is a failure of this present legislation.

Mr. WEISS. The gentleman's time has expired.

Mr. WALKER. Thank you, Mr. Chairman.

Mr. WEISS. Just so that the record accurately reflects the facts, let me indicate that the programs that comprised the antecedent programs were not just metric education, or consumer education, or law-related education, or biomedical science education. Indeed, those programs received the smallest percentage of the moneys. For example, on a nationwide basis the amount involved for metric education was $1,380,000. The amount for basic skills improvement had been $25,560,000; and for emergency school aid, ESAA, it had been $150 million.

I think that in dealing with these issues we might disagree with the perspectives or our veiw as to where moneys ought to be spent. But I do think that we ought to try to be accurate in reflecting where the moneys had previously gone.

Mr. WALKER. Mr. Chairman, if you will, I did reflect accurately that those were areas that money was spent. Obviously, there is a whole list of things that can be read into the record, and maybe they ought to be made a part of the record.

Mr. WEISS. They are part of the record.

Mr. **Walker**. I did accurately reflect the programs and I think that is the question that is raised. These were funding streams that the Congress created for use of Federal money, some of which I think are highly questionable in retrospect.

Mr. **Wiess**. The implication was that it was those small programs which were the bulk of the antecedent programs and that happens to be absolutely contrary to fact.

Mr. Conyers?

Mr. **Green**. I thank you for that clarification, Mr. Chairman.

Mr. **Conyers**. I don't have anything to argue with the witnesses about. They said the same thing that everybody else has said this morning. Quite frankly, I thought I knew it even before I got here. We did get some good proposals and remedies to the problem. So I congratulate the witnesses and wait for Chairman Pendleton s testimony.

Mr. **Weiss**. I think we are just about ready for Mr. Pendleton.

I want to thank you, Ms. Henderson and Mr. Green, for your testimony. It is good seeing you again.

Ms. **Henderson**. Thank you, Mr. Chairman.

Mr. **Green**. Thank you very much.

Mr. **Weiss**. Our next witness is Mr. Clarence Pendleton, Jr., Chairman of the U.S. Civil Rights Commission. Mr. Pendleton, we welcome you.

Would you, for the record, identify your associate who is sitting alongside of you?

STATEMENT OF CLARENCE M. PENDLETON, JR., CHAIRMAN, U.S. COMMISSION ON CIVIL RIGHTS, ACCOMPANIED BY KAREN McGILL ARRINGTON, EDUCATION MONITOR, OFFICE OF PROGRAM AND POLICY REVIEW

Mr. **Pendleton**. My name is Clarence M. Pendleton, Jr. I am Chairman of the U.S. Commission on Civil Rights.

Mr. Chairman, let me say at the outset that I appreciate your accommodating my schedule with respect to budgetary matters at OMB this morning. I need to say for the record that there was never any intent on the part of the Commission or the staff of the Commission to not be present or to give testimony.

It has been an exciting September for us as it has been for you, and many things are pressing. So if there is any thought that we did not want to testify, that is not the case at all, and I am certainly glad to be a part of these very, very important hearings.

Mr. **Weiss**. We are pleased to have you with us.

Mr. **Pendleton**. Thank you.

Mr. Chairman, I am accompanied by Karen Arrington, who is Education Monitor at the Commission in the Office of Program and Policy Review.

The Commission is pleased to respond to your request for our testimony on chapter 1 and chapter 2 of the Education Consolidation and Improvement Act of 1981.

In the Commission's 1981 report, "Civil Rights: A National, Not a Special Interest," the Commission expressed concern about the administration's proposals to consolidate approximately 50 individual education programs into block grants for State and local education.

Noting that existing block grants had not served Federal civil rights interests effectively, the report warned that, without strict, strongly enforced requirements, the education block grant would result in reduced services to disadvantaged and minority students.

Further, the report suggested that including the Emergency School Aid Act [ESAA] program in the block grant could spell the virtual end of desegregation assistance.

As reported in our 1981 report, experience has shown, and several studies conducted by this Commission, the General Accounting Office, the Department of Justice, and others, have found numerous problems associated with relatively large and unrestricted Federal assistance programs such as general revenue sharing, the Community Development Block Grant program and the Comprehensive Employment and Training Act Programs.

These studies documented instances and misuse of Federal funds by State and local government recipients, failure to provide services to those most in need, and major deficiencies in enforcing nondiscrimination provisions due, in large part, to inadequate civil rights regulations and to the failure of Federal agencies to vigorously puruse their civil rights enforcement responsibilities.

The administration's proposals were not enacted in total. Most notably, Congress maintained title I of the Elementary and Secondary Education Act of 1965, now chapter 1 of the Education Consolidation and Improvement Act, as a separate program with funds earmarked for compensatory education programs to serve children from disadvantaged backgrounds.

However, there have been changes in the compensatory education program. Chapter 1 no longer requires that the funds be targeted to children in greatest need, parent advisory councils were eliminated, and many of the program's accountability requirements were eliminated.

The administration's proposals were partially successful in that Congress enacted chapter 2 of ECIA which consolidated approximately 20 programs into a block grant with funds allocated directly to States based upon the States' school-age populations.

The experience of one year under the education block grant has raised concerns over the implementation of the chapter 2 block grant similar to those expressed in the Commission's 1981 report.

The Commission has expressed these concerns to Secretary Bell in several letters this year. I would ask, Mr. Chairman, that we have copies of the correspondence between Secretary Bell and the Commission, and that they be a part of the record.

Mr. WEISS. Without objection, they will be so entered.

Mr. PENDLETON. Thank you.

As well as letters and correspondence in exchange with Senator Moynihan, on this matter. I would like to have that letter and our response made a part of the record.

Mr. WEISS. Again, without objection, that will be done.

[The correspondence follows:]

UNITED STATES COMMISSION ON CIVIL RIGHTS
WASHINGTON, D.C. 20425

STAFF DIRECTOR

JUN 2 2 1983

Honorable Daniel Patrick Moynihan
United States Senate
Washington, D.C. 20510

Dear Senator Moynihan:

The U.S. Commission on Civil Rights shares your support for school desegregation and, therefore, is pleased to respond to your request for comments on legislation to reauthorize the Emergency School Aid Act (ESAA). As early as 1967, in Racial Isolation in the Public Schools, the Commission recommended that the Congress enact legislation to provide substantial financial assistance to local school districts in the process of desegregating. In 1976, the Commission recommended in Fulfilling The Letter And Spirit Of The Law: Desegregation Of The Nation's Public Schools that additional funding be provided for ESAA. The reenactment of ESAA would reaffirm the Federal Government's commitment to assist school districts in meeting "the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools" (20 U.S.C. §3192(b)(1) (Supp. V 1981)) (since repealed, effective Oct. 1, 1982).

Further, ESAA's pre-award civil rights compliance reviews which required school districts, as a condition for receiving funds, to implement a court ordered, Title VI, or voluntary desegregation plan were an effective enforcement tool. The Commission reported in The Federal Civil Rights Enforcement Effort-1974 that ESAA pregrant reviews stimulated school districts to rectify discriminatory practices quickly, and provided the Government with an opportunity to investigate whether a school district was adequately providing equal educational services for minority students. Accordingly, the Commission recommends that strong pre-award civil rights assurances be maintained as part of the program application.

The Commission had serious reservations regarding the Administration's proposal to consolidate ESAA along with other categorical programs in a block grant. In Civil Rights: A National, Not A Special Interest (1981), the Commission expressed concern that States would be free not to use any block grant funds for activities targeted to increase equal opportunity. This appears to have been the case.

ESAA was the second largest program included in the block grant, but in allocating funds to local education agencies only seven States give any consideration to the districts' desegregation needs (National Committee for Citizens in Education, Network (March 1983)). A random survey of 2,500 local school districts by the American Association of School Administrators found that 94.3 percent of the districts did not fund the Emergency School Aid Act program under the block grant. During the last year of ESAA as a categorical program, approximately 250 school districts received grants ranging from $30 thousand to $7 million. Seventeen large cities received over $1 million. ESAA funds were a significant resource in facilitating desegregation. Placement of ESAA in a block grant, therefore, has eliminated a critical lever which the Federal Government had in promoting equality of educational opportunity, and also has limited school districts in implementing voluntary plans.

Recent actions surrounding the Chicago school desegregation case highlight the problems that exist due to the inclusion of ESAA in the block grant. In 1980, during Federal Government negotiations with the Chicago School Board, a commitment was made to assist financially with the school desegregation plan. At that time, ESAA was still a categorical program. The Chicago School Board now has sued the Federal Government claiming it has violated its commitment. On June 8, 1983, U.S. District Court Judge Milton Shadur ordered the Department of Education to refrain, until June 22, 1983, from "expending or taking any further actions to obligate in any way the $24 million appropriated for desegregation assistance under Title IV of the Civil Rights Act of 1964 and the $18 million in the Secretary of Education's Discretionary Fund which is not subject to explicit Congressional mandate as to its expenditure."

Civil Rights Technical Assistance and Training Program (Title IV) (42 U.S.C. §§2000c to 2000c-9 (1976 & Supp. V 1981)) funds were appropriated to provide direct and indirect technical assistance and training services to school districts to cope with educational problems occasioned by desegregation by race, sex, and national origin. The largest component of the program has consisted of desegregation assistance centers that provide technical assistance and training services to local school districts within designated service areas. Further, despite provisions for direct awards to local school districts, no such awards were made in FY 1982 or FY 1983. The issue of whether the Federal Government committed itself to provide Federal funds, or simply to assist the Chicago school board in acquiring funds will be resolved in the courts. However, the funds which the Federal Government currently has available for school desegregation efforts, primarily through Title IV, are not sufficient to meet the national need. If such funds were allocated directly to the Chicago School system, the nationwide coverage Title IV has provided over the years would not be possible for this year. Further, for the past two years the Administration has proposed to eliminate funding for this desegregation assistance program.

Assistant Attorney General for Civil Rights, William Bradford Reynolds, indicated in a March 22, 1983 letter to Representative Rostenkowski that the Government was searching "for ways to expand [desegregation] assistance for the Chicago Board." However, he was "not optimistic that this search [would] produce significant results, because of the limited discretion" provided to the Secretary of Education to allocate funds under the block grant legislation. Despite the Administration's understanding that present law does not allow adequate funding of school desegregation plans, Secretary of Education Terrel Bell, in a May 10, 1983 letter to Chairman Perkins of the House Education and Labor Committee, expressly opposed reauthorization of ESAA. Secretary Bell concluded that "it is now more appropriate for States and local school districts to assume responsibility in this area." However, one year under the block grant has demonstrated clearly that States and local school districts lack sufficient resources to support effective desegregation.

While the situation in Chicago highlights the need for reauthorization of ESAA, the problem is not limited to Chicago. Many school districts across the country which were desegregating, and addressing problems incident to school desegregation with financial assistance from ESAA, have been hurt by the inclusion of ESAA in the block grant. For example, the Buffalo, New York school system which received over $6 million in 1981 under ESAA to implement its school desegregation plan, received $1 million in 1982 - a decrease of 85 percent - under the block grant.

Reenactment of the Emergency School Aid Act would give the Federal Government the opportunity to affirm its support for school desegregation and equality of educational opportunity. The National Commission on Excellence in Education, an administration-appointed body, recommended that the Federal Government's role in improving the quality of education include "protecting constitutional and civil rights for students and school personnel." The National Commission felt States and local school districts were unlikely to be able to fulfill these obligations. Similarly, the Commission stated in Civil Rights: A National, Not A Special Interest that in enacting education and other social programs, Congress sought to address the special needs of the disadvantaged, minorities, women, and the handicapped as part of the Nation's commitment to fulfill the constitutional promise of equality for all Americans. Reenactment of the Emergency School Aid Act would assist school districts in providing equality of educational opportunity. In the Nation's efforts to provide quality education, it must not lose sight of the quest for equality.

A section-by-section analysis of S. 1256 has not been provided due to time constraints. Should such an analysis be desired, the Commission would be pleased to provide it at a later date.

Sincerely,

John Hope III

JOHN HOPE III
Acting Staff Director

DEPARTMENT OF EDUCATION
UNITED STATES OF AMERICA

THE SECRETARY
WASHINGTON, D.C. 20202

APR 12 1983

The Hunorable Clarence M. Pendleton, Jr.
Chairman
United States Commission on
Civil Rights
Washington, D.C. 20425

Dear Mr. Chairman:

I am writing in response to Mr. Hope's letter of February 23, 1983. Mr. Hope requested clarification of the process through which the Department reviewed States' formulas for distributing Chapter 2 funds to local educational agencies (LEAs).

As reflected in Section 561 of Chapter 2, States have the basic responsibility for the administration of Chapter 2. Consistent with this policy, Section 565 of Chapter 2, which deals with the allocation of Chapter 2 funds, gives States wide latitude to allocate funds to their LEAs in the manner that best meets each State's particular needs and priorities. As a result, the Department decided that it should not restrict States' discretion by issuing strict standards limiting the categories of "high-cost" children or the amount of funds that had to be targeted to particular categories.

As required by the Statute, all applications received from States included an assurance that the SEA had consulted with a broadly representative Advisory Council in determining its high cost adjustments. In reviewing each State's formula for the distribution of Chapter 2 funds to LEAs, therefore, the Department ensured that the formula had a base of enrollment that was adjusted by "high-cost" criteria. The Department also checked to ensure that each criterion did, in fact, relate to children whose education imposes a higher than average cost per child. However, we did not impose our judgment on the specific high-cost factors selected vis-a-vis the universe of potential factors in each state. This was the responsibility of the SEA and the Advisory Committee.

The Department was interested in ensuring that the criteria selected by States did, in fact, relate to children whose education imposes a higher than average cost per child. Therefore, the Department informally questioned certain States whose criteria included either "hold-harmless" clauses based on levels of funding under the antecedent program or minimums. The Department questioned those criteria because they did not appear to correlate to the statutory requirement that a formula be based on enrollment adjusted "to provide higher per pupil allocations to (LEAs) which have the greatest numbers of percentages of children whose education imposes a higher than average cost per child...." Rather, the "hold-harmless" clauses related only to prior levels of funding, which were based on other criteria than numbers or percentages of "high-cost" children, and the minimums merely guaranteed a base level of funding regardless of enrollment or numbers of "high-cost" children. Further, each State application included a "high-cost" adjustment, as required by the Statute.

The Department did not require any changes or clarifications regarding targeting to low-income children or children in economically depressed areas. The Department does not believe that Section 565(a) establishes "priority groups." Rather, Section 565(a) appears merely to provide examples of types of "high-cost" children. As a result, the Department did not require States to select low-income children or children in economically depressed areas for inclusion in their formulas. Despite the lack of such a requirement, however, many States recognized these categories of children as "high-cost" children and included them in their formulas.

The Department sent a letter to the States asking them to comment on what guidance, if any, the Department should include in the nonregulatory guidance document regarding "high-cost" children and the manner and extent of adjustments in allocations based on these children (attached). This request for comments originated in part because Congress incorporated the Emergency School Aid Act (ESAA) into Chapter 2, rather than Chapter I of the ECIA.

In addition, the Department asked the States to provide information regarding the impact of their formulas on urban areas. We believe that the information we are receiving will be useful in evaluating the issues you have raised. The limited information that we have received to date does indicate that substantially more Chapter 2 money per child is being expended on "high-cost" children, including urban children, than on children generally. For example, Kansas City, Missouri is receiving 200 percent as much on a per pupil basis as a district without "high-cost" characteristics and 164.5 percent of the state average per pupil allocation. When we have synthesized more fully the data that we have received, we may have further information to provide you.

As you know, the primary Federal vehicle for addressing the educational needs of disadvantaged children is Chapter I of ECIA. The appropriation for that program in the 1983 continuing resolution is approximately $3.16 billion. By contrast, the appropriation for Chapter 2, which is a discretionary program and has a wide variety of authorized activities and purposes, is $450.7 million.

Sincerely,

T. H. Bell

[illegible] CIVIL RIGHTS
WASHINGTON, D.C. 20425

STAFF DIRECTOR

FEB 23 1983

Honorable Terrel H. Bell
Secretary of Education
Washington, D.C. 20202

Dear Mr. Secretary:

I am writing in response to your January 31, 1983 letter explaining the Department of Education's views of its responsibilities for reviewing States' formulas allocating funds under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA) and its plans for responding to possibly inequitable distributions to inner-city schools.

Regarding allocation formulas, as well as other matters, ECIA establishes important limits on States' discretion that the Department should enforce. Specifically, Section 565 requires States to submit for the Secretary's approval criteria for targeting Chapter 2 funds to school districts with high concentrations of students whose education costs more than the average, such as educationally disadvantaged minority children. The Secretary is responsible for ensuring that formulas "are reasonably calculated to produce an equitable distribution of funds" thus defined. This indicates the Department must have a procedure for assessing the probable impact of States' formulas and should raise concerns about formulas providing for only minimal targeting to school districts in greatest need. Although ECIA does not expressly direct the Secretary to publish regulations for formulas, Section 591 provides clear authority to do so in order to ensure compliance with the statutory "equitable distribution" requirements.

According to your letter, the Department carefully reviewed all formulas and, in some cases, raised concerns. We would appreciate further clarification of the review process. Specifically, we would like to know what working definition of "equitable distribution" the Department used and how it determined whether proposed formulas were "reasonably calculated" to produce it. We also would like to know with what States and on what bases the Department raised concerns. We particularly would like to learn if the Department required any changes or clarifications regarding targeting to low-income children and children in economically depressed areas, the first two of the three priority groups cited in Section 565.

We are pleased you share our concerns about possible inequitable distributions to inner-city schools and have raised them with the Chief State School Officers. We, however, are not prepared at this point to recommend nonregulatory guidance, as you request. Inequitable distributions, as you know, may have discriminatory effects. If Chapter 2 funding formulas effectively deny minority children equal educational opportunity, we do not believe the Department's obligations under Title VI of the Civil Rights Act of 1964 would be satisfied by guidance States could follow or disregard as they wished. Binding guidelines on Title VI compliance under ECIA would be more appropriate.

We also do not believe that requesting States to evaluate and share findings on the impact of their Chapter 2 formulas on inner-city schools will give the Department enough information to decide what it should do to meet its Title VI and ECIA obligations. Even if States comply with such requests, despite other pressing priorities, their studies are not likely to yield the clear nationwide picture needed to assess and administer Federal education policies. We, therefore, recommend the Department conduct its own evaluation in this area. We would appreciate an opportunity to review the results and suggest appropriate responses to civil rights-related problems identified.

Sincerely,

John Hope III

JOHN HOPE III,
Acting Staff Director

THE SECRETARY
WASHINGTON, D.C. 20202

JAN 31 1983

Mr. John Hope III
Acting Staff Director
United States Commission on
 Civil Rights
Washington, D.C. 20425

Dear Mr. Hope:

Please accept my apology for the delay in responding to your recent letter regarding allocations by State educational agencies (SEAs) to local educational agencies (LEAs) under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). Your letter expressed concerns that the Education Department had approved States' allocation formulas for the 1982-83 school year without adequate, enforceable standards, and that some of the formulas inequitably drained funds from programs, including voluntary desegregation programs, for inner city minority children.

As reflected in Section 561 of ECIA, States have the basic responsibility for the administration of Chapter 2. Indeed, a major purpose of Chapter 2 is to shift decision-making authority from the Federal Government to the States. With specific regard to the allocation of Chapter 2 funds, the Department of Education interprets Section 565 of ECIA to give SEAs wide latitude -- consistent with each State's particular needs and priorities -- in identifying children whose education imposes a higher than average cost per child, and in determining the manner and extent of adjustments in allocations based on there children.

Nothing in the law requires the Department of Education to promulgate enforceable standards for determining whether State criteria for adjusting the allocations are reasonably calculated to produce an equitable distribution of funds. On the contrary, the statute vests very broad authority for developing the criteria in the SEAs. The issuance of enforceable standards would be likely to have the inappropriate effect of narrowing the statutory grant of authority to the SEAs. In accordance with Section 591 of the ECIA, we determined that regulatory standards would not be needed to govern the Secretary's review of the States' criteria, and that this function could properly be exercised by the Secretary on a case-by-case basis.

The Department of Education carefully reviewed the criteria submitted by the SEAs for adjusting 1982-83 school year allocations and ultimately found them to be in compliance with the statute. In some cases, the Department raised concerns about initial submissions by the SEAs, and changes were made in the criteria to respond to those concerns.

At the same time, we believe that your concerns regarding possible inequitable distribution of funds to urban areas raise serious policy issues that warrant closer attention. In letters to the Chief State School Officers, we have raised these concerns, informed them that we are considering providing further guidance on allocations to LEAs in the final nonregulatory guidance (NRG) document that we hope to issue in the near future, and invited their suggestions on what the NRG document should include. We also have requested that they evaluate the impact of their formulas on urban areas and provide information to us on the results of the evaluation. A sample copy of our letter is attached.

We would greatly appreciate your suggestions concerning possible guidance that might be included on these matters in the NRG document. The time constraints on suggestions described in our letters to the Chief State School Officers would apply to your suggestions as well.

Sincerely,

T. H. Bell

Attachment

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

JAN 31 1983

The Honorable Wayne Teague
Superintendent of Education
State Department of Education
Montgomery, Alabama 36130

Dear ~~Superintendent Teague~~ Wayne,

I am writing to you regarding the requirements for distributing funds under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA) and concerns that have been raised about how the initial distribution of Chapter 2 funds was made.

As you know, Section 565 of the ECIA provides that the State educational agency (SEA) shall distribute not less than 80 percent of its Chapter 2, ECIA funds to local educational agencies (LEAs) within the State according to the relative enrollments in public and nonpublic schools within the school districts of the LEAs. Under Section 565, the distribution of funds according to enrollments must be adjusted, in accordance with criteria approved by the Secretary of Education, to provide higher per pupil allocations to LEAs that have the greatest numbers or percentages of children whose education imposes a higher than average cost per child (hereinafter referred to as "high cost children").

I have received letters from the Council of the Great City Schools, the Federal Education Project of the Lawyers' Committee for Civil Rights Under Law, and the United States Commission on Civil Rights, raising the concern that Chapter 2 allocations by SEAs for the 1982-83 school year have resulted in inadequate funds going to urban school districts. These groups maintain that some SEAs, in making adjustments for high cost children, have not given sufficient weight to the higher concentrations of high cost children -- including educationally disadvantaged children from low-income families and children involved in desegregation activities -- in urban areas. The result, they claim, is that funds are not being equitably distributed according to areas of greatest need, and that funds are being drained from programs, including voluntary desegregation programs, for inner city minority children.

The Department of Education interprets Section 565 of the ECIA to give SEAs wide latitude -- consistent with each State's particular needs and priorities -- in identifying high cost children and in determining the manner and extent of adjustments in allocations based on these children. Consistent with this interpretation, the Chapter 2 regulations published on November 19, 1982 generally do not elaborate on the statutory standards for allocations (see 47 F.R. 52373). Moreover, in reviewing the SEAs' criteria for adjusting allocations for the 1982-83 school year, this Department evaluated the criteria on a case-by-case basis under the statutory standards.

Nevertheless, the above-described concerns raise serious programmatic issues. Within the limits imposed on the Department by the ECIA statute, we are considering providing additional guidance on LEA allocations in the final nonregulatory guidance document (NRG) for Chapter 2 that is currently being prepared. As indicated in the preamble to the Chapter 2 regulations, the NRG will contain guidance on program issues that will be binding on this Department in the sense that SEAs or LEAs that follow the guidance will be protected against any audit exceptions or other enforcement actions by the Department. However, the NRG's contents will not be binding on SEAs or LEAs, which would be free to adopt alternative approaches that are consistent with the Chapter 2 statute and that may be more in keeping with their own needs and priorities.

We would appreciate your suggestions on what guidance, if any, to include in the NRG document on the allocation of funds to LEAs. Because we hope to expedite issuance of the final NRG document, we request that you send us any suggestions you may have as soon as possible. To be assured of consideration, we should receive your comments within the next thirty days.

In addition, because your agency is responsible for the criteria for adjusting Chapter 2 allocations, we hope that you will examine your own criteria and their effects in light of the concerns described in this letter. We believe that it would be particularly useful for you to evaluate the impact of your formula on urban areas for the current school year. Although there is no specific Federal requirement for you to conduct such a review or to report on its results, we encourage you to take the initiative on this matter in discharging your responsibilities for administering the Chapter 2 program. We would be interested in receiving information on the results of your study. The proposed review should be useful to you in planning future Chapter 2 allocations, and should also promote public understanding of the Chapter 2 program.

Sincerely,

T. H. Bell

UNITED STATES COMMISSION ON CIVIL RIGHTS
WASHINGTON, D.C. 20425

STAFF DIRECTOR

August 20, 1982

Honorable Terrel H. Bell
Secretary of Education
Washington, D.C. 20202

Dear Mr. Secretary:

I am writing to express concerns raised by the Department of Education's implementation of Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). Specifically, we are concerned that the Department approved States' allocation formulas without adequate, enforceable standards to ensure equitable distribution of Federal education funds. The formulas apparently will drain funds from inner-city schools, where minority children are concentrated, and drastically reduce support for voluntary desegregation efforts. We also are troubled by the Department's insistence, despite many rebuttals, that the General Education Provisions Act generally does not cover ECIA. These actions, in our view, are not consistent with the Department's responsibilities for protecting individual rights, ensuring proper administration of Federal education programs, and carrying out Federal equal educational opportunity obligations.

In our 1980 report Civil Rights: A National, Not a Special Interest, the Commission expressed general concerns about the new block grant proposals. Noting that existing block grants had not served Federal civil rights interests effectively, the report warned that, without strict, strongly enforced requirements, the education block grant would result in reduced services to students still suffering the effects of segregation. It also suggested that including the Emergency School Aid Act (ESAA) in the block grant could spell the virtual end of desegregation assistance. The Commission repeated these misgivings in February 1982 letters to the President, Vice President, and Speaker of the House of Representatives.

While we cannot yet measure ECIA's overall impact, available data suggest these fears were well-founded. As you know, the Council of the Great City Schools estimates that millions of Federal dollars will be shifted from inner-city schools to schools less in need. This redistribution of Federal aid could undermine Administration policies emphasizing quality education in predominantly minority schools. Other Administration desegregation policies also may suffer because there will be less support for programs that can reduce the need for mandatory reassignments and other court-ordered remedies. For example, assistance to the St. Louis City school system, which is running magnet schools under court desegregation order, is expected to drop from $5.2 million to $710,000. The Seattle school system, which received $3.9 million for voluntary desegregation this fiscal year, expects $730,000 in Chapter 2 funds next year. The Montclair, New Jersey, school system reportedly will lose 93 percent of the Federal funds used for its voluntary desegregation program and foresees the program's "impending demise." Comments on the Department's ECIA proposals by other local school boards and concerned organizations indicate these are not isolated cases.

While Congress intended ECIA to give States more discretion in administering federally-assisted programs, we believe it did not intend the results described above. Section 565 of the act requires States to distribute Chapter 2 funds according to formulas providing "higher per pupil allocations to local education agencies which have the highest numbers or percentages of children whose education imposes a higher than average cost per child." The first category of children cited is "low-income," suggesting that Congress expected Chapter 2, like Chapter 1, to assist school districts with high concentrations of educationally-disadvantaged minority children.

The Senate Budget Committee report on the education block grant offers further evidence that Congress did not intend consolidation to deprive schools needing extra assistance to provide equal educational opportunity. It explains the provision that became Section 565 as requiring allocations to school districts "on a needs basis." Moreover, it notes the consolidation of ESAA and states, "the Committee expects that recognition of additional costs incurred by the efforts to alleviate the isolation of minority group children where appropriate will be included among the needs factors considered in the allocation of funds." Since it was the Senate version of this part of ECIA that prevailed in conference, we believe the committee report indicates that Congress intended significant desegregation assistance to continue under Chapter 2.

Section 565 requires the Secretary to ensure that States' allocation formulas "are reasonably calculated to produce an equitable distribution of funds" as defined above. We believe the Department has not exercised due care in carrying out this responsibility. First, the Department's ECIA proposals did not clarify the statutory criteria for allocation formulas or indicate that desegregation costs were an additional needs factor Congress intended States to consider. We criticized related deficiencies in these and other block grant proposals because we believe a primary function of regulations is to read statutory provisions in light of their legislative history and translate them into clear compliance criteria. The Department received a number of comments specifically indicating the need to clarify allocation requirements and the impending jeopardy to voluntary desegregation programs. Other evidence that the formulas States were preparing generally would not focus funds on schools in greatest need or support desegregation efforts also was available. The final ECIA regulations, however, did not emphasize--or even note--this aspect of statutory intent.

Further, the Department proposed no standards for evaluating States' formulas or requirements that States show they would concentrate Chapter 2 funds on the neediest school districts, as Congress intended. On the contrary, without final regulations establishing adequate standards for States' proposals or even internal review standards, the Department approved over 40 States' formulas and obligated funds. This procedure suggests the Department was not sufficiently open to the possibility that public comments might identify deficiencies in its State application requirements and indicate necessary revisions in the regulations.

In addition, as we understand it, the Department's approval process did not ensure that the limited statutory criteria were satisfied. As noted, ECIA requires the Secretary to approve only formulas "reasonably calculated" to produce higher per pupil allocations to school districts with "the highest numbers or percentages of children whose education imposes a higher than average cost." We have been told, however, that Department staff could not evaluate formulas by this standard without considerable data, which States were not required to provide. They, therefore, decided to trust States' targeting and required only that formulas include a per pupil and a high cost factor, however defined and weighted.

The results of our preliminary review of the formulas thus approved are very disturbing. A number of States give high cost factors so little weight it is difficult to believe they will distribute funds "on a needs basis." Many formulas are so sketchy it is virtually impossible to determine whether they follow the intent of ECIA or how States will implement them. Further, only a few include desegregation efforts among their needs factors, although Congress clearly expected Federal desegregation assistance to continue under Chapter 2.

Finally, the Department's refusal to enforce most General Education Provisions Act (GEPA) requirements under ECIA still concerns us. GEPA provisions would protect individual rights and help ensure proper administration, including civil rights enforcement, in education block grant programs. We believe our comments on the proposed exemption showed it was unauthorized and note, as the Department acknowledges, that many other commenters also objected. We are especially concerned because the Department now defends its position on the basis that ECIA does not specifically state GEPA applies. We believe cross-cutting requirements generally apply unless Congress enacts a specific exemption and criticized this basic approach to enforcement in April 1982 testimony before the House Education and Labor Subcommittee on Postsecondary Education. Its further use here adds to the apparent pattern of retreat from enforcement responsibilities cited in our February 1982 letters and subsequent testimony.

We continue to believe that block grants leaving so much to States' discretion do not fulfill Federal civil rights obligations adequately. We also recognize the difficulty of administering consolidation acts that are vague and designed to limit Federal prescription. We, nevertheless, believe ECIA's provisions and legislative history show that Congress intended to preserve Federal responsibilities for equal educational opportunity and the guarantees in GEPA. We do not think the Department's implementation of Chapter 2 is consistent with these responsibilities.

We, therefore, will appreciate your informing us of the Department's plans to ensure that States allocate their Chapter 2 funds consistent with congressional intent. We also would like to know whether the Department will persist in the GEPA exemption and, if so, how it believes the administration of ECIA will be affected.

Sincerely,

John Hope III

JOHN HOPE III
Acting Staff Director

Mr. PENDLETON. Thank you, sir.

Specifically, the Commission has been and continues to be concerned that the Department of Education has approved States allocation formulas for awarding funds to local school districts without adequate, enforceable standards to insure equitable distribution of Federal education funds.

While Congress intended ECIA to give States more discretion in administering federally assisted programs, it is the Commission's view that Congress did not intend that millions of Federal dollars shift from inner city schools to schools in less need as has been documented by the Council of the Great City Schools.

Section 565 of the act requires States to distribute chapter 2 funds according to formulas providing, and I qoute, "higher per pupil allocations to local education agencies which have the highest numbers or percentages of children whose education imposes a higher than average cost per child."

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It explains the provision that became section 565 as requiring allocations to school districts "on a needs basis." Moreover, it notes the consolidation of ESAA and states, "the committee expects that recognition of additional costs incurred by the efforts to alleviate the isolation of minority group children, where appropriate, will be included among the needs factors considered in the allocation of funds."

Since it was the Senate version of this part of ECIA that prevailed in conference, we believe the committee report indicates that Congress intended significant desegregation assistance to continue under chapter 2.

Further, the Department proposed no standards for evaluating States' formulas or requirements that States show they would concentrate chapter 2 funds on the neediest school districts, as Congress intended.

On the contrary, without final regulations establishing adequate standards for States' proposals or even internal review standards, the Department approved State formulas and obligated funds.

The Commission continues to believe that block grants that leave so much to States' discretion do not fulfill Federal civil rights obligations adequately.

I would like to submit for the record copies of the correspondence the Commission has had over the past year with Secretary Bell, and that has been approved.

Thank you, sir.

I would like to confine my remaining remarks to the Emergency School Aid Act program, what it has accomplished over the years and how it fared under the block grant.

As you know, the U.S. Commission on Civil Rights has long supported school desegregation, and as early as 1967, in "Racial Isolation in the Public Schools," recommended that Congress enact legislation to provide substantial financial assistance to local school districts in the process of desegregating.

On March 24, 1970, President Nixion requested the Congress to divert moneys from other domestic programs to fund programs for improving education in racially impacted areas, North and South, and for assisting school districts in meeting special needs incident to court-ordered desegregation.

Then President Nixon also stated that the Nation needed "to place the question of school desegregation in its larger context, as part of America's historic commitment to the achievement of a free and open society," and that the Nation "must give minority children that equal place at the starting line that his parents were denied—and the pride, the dignity, the self-respect, that are the birthright of a free American."

In 1972, the Federal Government was to increase its commitment to assist school districts financially in implementing court-ordered school desegregation plans as well as voluntary desegregation efforts with the enactment of ESAA.

Further, ESAA's preaward civil rights compliance reviews which required school districts, as a condition for receiving funds, to implement a court-ordered title VI, or voluntary desegregation plan were an effective enforcement tool.

The Commission reported in "The Federal Civil Rights Enforcement Effort—1974" that ESAA pregrant reviews stimulated school districts to rectify discriminatory practices quickly, and provided the Government with an opportunity to investigate whether a school district was adequately providing equal educational services for minority students.

In 1976, after holding hearings and open meetings on school desegregation in a number of cities across the country, the Commission recommended in its publication, "Fulfilling the Letter and Spirit of the Law: Desegregation of the Nation's Public Schools," that additional funding be provided for ESAA.

Unfortunately, the placement of ESAA in a block grant has eliminated this critical lever which the Federal Government had in promoting equality of educational opportunity, and also has limited school districts in implementing voluntary plans.

There is no doubt that the ESAA program has suffered under the block grant. In fact, in the chapter 2 State formulae for allocation of funds to the local school districts, only seven States give any weight to desegregation efforts. Most States allocate the funds strictly according to the number of students, and not the special needs of the school districts such as desegregation efforts.

A random survey of 2,500 local school districts by the American Association of School Administrators found that 94.3 percent of the districts did not fund the Emergency School Aid Act program under the block grant.

During the last year of ESAA as a categorical program, approximately 250 school districts received grants ranging from $30,000 to $7 million. Seventeen large cities received over $1 million. School districts that received substantial funding under ESAA have been hurt by the block grant process.

For example, St. Louis, Mo., received $708,000 in block grant funds for the 1982–83 school year. The previous year the district received $12.4 million from ESAA alone.

Similarly, the Buffalo, N.Y., school system received over $6.7 million in ESAA funds in 1981, but for the 1982–83 school year it received a total of $956,867 in block grant funds.

An evaluation of the ESAA in 1982 established that most school districts received funds for desegregation efforts only from ESAA. A few districts received some in-service training through title IV of the Civil Rights Act, and a few received some assistance from the State. Rarely were funds earmarked to support desegregation related services.

Recent actions surrounding the Chicago school desegregation case highlight the problems that exist due to the inclusion of ESAA in the block grant.

In 1980, during the Federal Government negotiations with the Chicago School Board, a commitment was made to assist financially with the school desegregation plan.

At that time, ESAA was still a categorical program. The Chicago School Board now has sued the Federal Government claiming it has violated its commitment.

U.S. District Court Judge Milton Shadur has ordered the Department of Education to refrain from expending or further obligating approximately $48 million in Federal education funds. His order was upheld recently by the Seventh U.S. Circuit Court of Appeals. A portion of the frozen funds consist of moneys appropriated in fiscal year 1983 for desegregation assistance under title IV of the Civil Rights Act of 1964.

Title IV funds were appropriated to provide direct and indirect technical assistance and training services to school districts to cope with educational problems occasioned by desegregation by race, sex, and national origin.

Further, despite provisions for direct awards to local school districts, no such awards were made in fiscal years 1982 or 1983.

The Chicago case clearly shows that funds which the Federal Government has available for school desegregation efforts, primarily through title IV, are not sufficient to meet the national need.

If such funds were allocated directly to the Chicago school system, the nationwide coverage title IV has provided over the years would not be possible for this year. Further, for the past 2 years the administration has proposed to eliminate funding for this desegregation program.

The National Commission on Excellence in Education, an administration-appointed body, recommended that the Federal Government's role in improving the quality of education include protecting constitutional and civil rights for students and school personnel.

The National Commission felt States and local school districts were unlikely to be able to fulfill these obligations.

Similarly, the Commission stated in its 1981 report, "Civil Rights: A National, Not a Special Interest," that in enacting education and other social programs, Congress sought to address the special needs of the disadvantaged, minorities, women, and the handicapped as part of the Nation's commitment to fulfill the constitutional promise of equality for all Americans.

The enactment of chapter 2 block grant in conjunction with the Department of Education's failure to issue adequate, enforceable standards for allocation of the funds to local school districts on an equitable basis has made it difficult, if not impossible, to insure that equality of educational opportunity exists for all in the Nation's schools.

Mr. Chairman, this concludes my testimony and we will try to respond to the questions you may have.

[The prepared statement of Mr. Pendleton follows:]

Testimony of Clarence M. Pendleton, Jr.
Chairman, U.S. Commission on Civil Rights
Before the House Subcommitte on Intergovernmental Relations and Human Resources

September 20, 1983

Mr. Chairman and members of the Subcommittee, I am Clarence M. Pendleton, Jr., Chairman of the United States Commission on Civil Rights. The Commission is pleased to respond to your request for our testimony on Chapter 1 and Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). Accompanying me today is Linda Chavez, Staff Director of the Commission.

In the Commission's 1981 report Civil Rights: A National, Not a Special Interest, the Commission expressed concern about the Administration's proposals to consolidate approximately 50 individual education programs into block grants for local and State education. Noting that existing block grants had not served Federal civil rights interests effectively, the report warned that, without strict, strongly enforced requirements, the education block grant would result in reduced services to disadvantaged and minority students. Further, the report suggested that including the Emergency School Aid Act (ESAA) program in the block grant could spell the virtual end of desegregation assistance.

As reported in our 1981 report, experience had shown, and several studies conducted by this Commission, the General Accounting Office, the Department of Justice, and others had found, numerous problems associated with relatively large and unrestricted Federal assistance programs such as general revenue sharing, the Community Development Block Grant program and the Comprehensive Employment and Training Act Programs. These studies had documented instances of misuse of Federal funds by State and local government recipients, failure to provide services to those most in need, and major deficiencies in enforcing nondiscrimination provisions due, in large part, to inadequate civil rights regulations and to the failure of Federal agencies to vigorously pursue their civil rights enforcement responsibilities.

The administration's proposals were not enacted in total - perhaps most notable Congress maintained Title I of the Elementary and Secondary Education Act of 1965 (now Chapter 1 of the Education Consolidation and Improvement Act) as a separate program with funds earmarked for compensatory education programs to serve children from disadvantaged backgrounds. However, there have been changes in the compensatory education program. Chapter 1 no longer requires that the funds be targeted to the children in greatest need, parent advisory councils were eliminated, and many of the program's accountability requirements were eliminated.

The administration's proposals were partially successful in that Congress enacted Chapter 2 of ECIA which consolidated approximately 20 programs into a block grant with funds allocated directly to the States based upon the States' school-age populations. The experience of one year under the education block grant has raised concerns over the implementation of the Chapter 2 block grant similar to those expressed in the Commission's 1981 report. The Commission has expressed these concerns to the Secretary of Education Terrel H. Bell in several letters over the last year. Specifically, the Commission has been, and continues to be concerned that the Department of Education has approved States' allocation formulas for awarding funds to local school districts without adequate, enforceable standards to ensure equitable distribution of Federal education funds. While Congress intended ECIA to give States more discretion in administering federally-assisted programs, it is the Commission's view that Congress did not intend that millions of Federal dollars shift from inner city schools to schools in less need as has been documented by the Council of Great City Schools. Section 565 of the act requires States to distribute Chapter 2 funds according to formulas providing "higher per pupil allocations to local education agencies which have the highest numbers or percentages of children whose education imposes a higher than average cost per child." The first category of children cited is "low-income," suggesting that Congress expected Chapter 2, like Chapter 1, to assist school districts with high concentrations of educationally disadvantaged minority children.

The Senate Budget Committee report on the education block grant offers further evidence that Congress did not intend consolidation to deprive schools needing extra assistance to provide equal educational opportunity. It explains the provision that became Section 565 as requiring allocations to school districts "on a needs basis." Moreover, it notes the consolidation of ESAA and states, "the Committee expects that recognition of additional costs incurred by the efforts to alleviate the isolation of minority group children where appropriate will be included among the needs factors considered in the allocation of funds." Since it was the Senate version of this part of ECIA that prevailed in conference, we believe the committee report indicates that Congress intended significant desegregation assistance to continue under Chapter 2.

Further, the Department proposed no standards for evaluating States' formulas or requirements that States show they would concentrate Chapter 2 funds on the neediest school districts, as Congress intended. On the contrary, without final regulations establishing adequate standards for States' proposals or even internal review standards, the Department approved State formulas and obligated funds. The Commission continues to believe that block grants that leave so much to States' discretion do not fulfill Federal civil rights obligations adequately. I would like to submit for the record copies of the correspondence the Commission has had over the past year with Secretary Bell.

I would like to confine my remaining remarks to the Emergency School Aid Act program, what it has accomplished over the years and how it as fared under the block grant.

As you know, the U.S. Commission on Civil Rights has long supported school desegregation, and as early as 1967, in Racial Isolation in the Public Schools recommended that the Congress enact legislation to provide substantial financial assistance to local school districts in the process of desegregating. On March 24, 1970, President Nixon requested the Congress to divert monies from other domestic programs to fund programs for improving education in racially impacted areas, North and South, and for assisting school districts in meeting special needs incident to court-ordered desegregation. Then President Nixon also stated that the Nation needed "[t]o place the question of school desegregation in its larger context, as part of America's historic commitment to the achievement of a free and open society" and that the Nation "must give the minority child that equal place at the starting line that his parents were denied - and the pride, the dignity, the self-respect, that are the birthright of a free American."

In 1972, the Federal Government was to increase its commitment to assist school districts financially in implementing court ordered school desegregation plans as well as voluntary desegregation efforts with the enactment of ESAA. Further. ESAA's pre-award civil rights compliance reviews which required school districts, as a condition for receiving funds, to implement a court ordered, Title VI, or voluntary desegregation plan were an effective enforcement tool. The Commission reported in The Federal Civil Rights Enforcement Effort-1974 that ESAA pregrant reviews stimulated school districts to rectify discriminatory practices quickly, and provided the Government with an opportunity to investigate whether a school district was adequately providing equal educational services for minority students.

In 1976, after holding hearings and open meetings on school desegregation in numerous cities across the country the Commission recommended in Fulfilling The Letter And Spirit Of The Law: Desegregation Of The Nation's Public Schools that additional funding be provided for ESAA. Unfortunately, the placement of ESAA in a block grant has eliminated this critical lever which the Federal Government had in promoting equality of educational opportunity, and also has limited school districts in implementing voluntary plans.

There is no doubt that the ESAA program has suffered under the block grant. In fact in the Chapter 2 State formulae for allocation of funds to the local school districts, only seven States give any weight to desegregation efforts. Most States allocate the funds strictly according to the number of students, and not the special needs of the school districts such as desegregation efforts. A random survey of 2,500 local school districts by the American Association of School Administrators found that 94.3 percent of the districts did not fund the Emergency School Aid Act program under the block grant. During the last year of ESAA as a categorical program, approximately 250 school districts received grants ranging from $30 thousand to $7 million. Seventeen large cities received over $1 million. School districts that received substantial funding under ESAA have been hurt by the block grant process. For example, St. Louis, Missouri, received $708,000 in block grant funds for the 1982-83 school year. The previous year the district received $12.4 million from ESAA alone. Similarly, the Buffalo, New York, school system received over $6.7 million in ESAA funds in 1981, but for the 1982-83 school year it received a total of $956,867 in block grant funds. An evaluation of the ESAA program in 1982 established that most school districts received funds for desegregation efforts only from ESAA. A few districts received some inservice training through Title IV of the Civil Rights Act, and a few received some assistance from the State. "Rarely were funds earmarked to support desegregation related services."

Recent actions surrounding the Chicago school desegregation case highlight the problems that exist due to the inclusion of ESAA in the block grant. In 1980, during Federal Government negotiations with the Chicago School Board, a commitment was made to assist financially with the school desegregation plan. At that time, ESAA was still a categorical program. The Chicago School Board now has sued the Federal Government claiming it has violated its commitment. U.S. District Court Judge Milton Shadur has ordered the Department of Education to refrain from expending or further obligating approximately $48 million in Federal education funds. His order was upheld recently by the 7th U.S. Circuit Court of Appeals. A portion of the frozen funds consist of monies appropriated in Fiscal Year 1983 for desegregation assistance under Title IV of the Civil Rights Act of 1964.

Title IV funds were appropriated to provide direct and indirect technical assistance and training services to school districts to cope with educational problems occasioned by desegregation by race, sex, and national origin. Further, despite provisions for direct awards to local school districts, no such awards were made in FY 1982 or FY 1983. The Chicago case clearly shows that the funds which the Federal Government has available for school desegregation efforts, primarily through Title IV, are not sufficient to meet the national need. If such funds were allocated directly to the Chicago school system, the nationwide coverage Title IV has provided over the years would not be possible for this year. Further, for the past two years the administration has proposed to eliminate funding for this desegregation program.

The National Commission on Excellence in Education, an administration-appointed body, recommended that the Federal Government's role in improving the quality of education include "protecting constitutional and civil rights for students and school personnel." The National Commission felt States and local school districts were unlikely to be able to fulfill these obligations. Similarly, the Commission stated in its 1981 report Civil Rights: A National, Not A Special Interest that in enacting education and other social programs, Congress sought to address the special needs of the disadvantaged, minorities, women, and the handicapped as part of the nation's commitment to fulfill the constitutional promise of equality for all Americans. The enactment of the Chapter 2 block grant in conjunction with the Department of Education's failure to issue adequate, enforceable standards for allocation of the funds to local school districts on an equitable basis has made it difficult, if not impossible, to ensure that equality of educational opportunity exists for all in the Nation's schools.

Mr. **Conyers** [presiding]. Thank you, Mr. Chairman.

I recognize the gentleman from Pennsylvania.

Mr. **Walker**. Thank you, Mr. Chairman.

I was interested in your testimony that you quoted from the Nation at Risk and the statement that you quoted from does indicate that they believe that protecting constitutional and civil rights for students and school personnel is one of the essential elements of our educational system.

However, the summation of the paragraph in which that statement appears is, "we believe the assistance of the Federal Government should be provided with a minimum of administrative burden intrusiveness."

In other words, having gone through all of the things that the Federal Government needs to assure in education, including that particular one, they come to the conclusion that all of this should be done with a minimum of administrative burden and intrusiveness.

I would ask you how we can do that if we go back to a categorical kind of program and shouldn't we be looking at something in the area of block grants in order to assure that we don't get that kind of adverse impact while still assuring that civil rights needs are met?

Mr. **Pendleton**. Mr. Walker, I think that what we have here from the Commission's point of view is clearly in the matter of ESAA and the matter of school desegregation.

The quality of categorical programs, I think is another. The Commission has really not gone that much into the categorical programs of the quality of those programs.

I agree that there should be less intrusion by the Federal Government. On the other hand, I do think there is an obligation on the part of State and local governments to respond to the will of Congress to carry out the civil rights mandates.

For example, school districts that are under court-ordered school desegregation, need to make a good faith showing that they are in compliance. I think civil rights signoffs need to be carefully moitored, and that doesn't take a lot of Federal involvement to say whether or not a district has complied or not.

From a personal point of view, I do not believe in any increase in the bureaucracy to monitor the programs, but I do think those people who are to uphold the Federal Constitution, as well as some State constitutions, have obligations to see to it that funds are spent on the purposes for which they are intended.

Mr. **Walker**. I think we probably all agree on that. The question here is one of methodology and when we refer to ESAA—and the Civil Rights Commission did a number of these studies—isn't it correct that during the period that ESAA was in place and was supposedly helping to desegregate urban school districts, that the pattern of desegregation had, in fact, gotten worse, and not gotten better in many of the urban school districts in the country?

Mr. **Pendleton**. I think that is true in many areas because you really can't control people's movement; people make those decisions on their own.

Mr. **Walker**. So, in fact, ESAA becomes almost a permanent funding source because as people move around and you begin to see desegregation again, ESAA, then, is necessary in order to change that pattern. And it seems to me it would be far better to have the kind of block grant in place which allows local school districts to speak to the legitimate civil rights concerns, but do so in a way which has some community flexibility.

Doesn't that make sense?

Mr. **Pendleton**. It makes sense to me. But I think at the same time there is evidence in this testimony indicating that a large percentage of school districts have not addressed that issue. I think that it is important that they do address that issue. In my town of San Diego, Calif., I have been a part of the desegregation effort in the San Diego City schools since about 1975. It took 10 years to get a court decision. We finally got one in 1976.

What alarms me right now is that when you look at some of the desegregation activities, the burden of proof is still on the backs of many black youngsters. In order to go to school within the school magnets, a black youngster has to find two whites to bring to the program to balance it out.

I think that as school districts go back to court, we might see a little of what we saw in San Diego in which the judge said after 1984, "I am no longer going to monitor this program." I am waiting to see what the local school district will then do to maintain the civil rights effort.

Mr. **Walker**. But in most instances it has been the court order or the action of the Justice Department that has had the effect rather than programs, categorical programs, such as ESAA. Isn't that the case?

Mr. **Pendleton**. I think that depends upon districts. I think it could be the case, yes.

Mr. **Weiss** [presiding]. The gentleman's time has expired. Thank you, Mr. Walker.

Mr. Conyers?

Mr. **Conyers**. I just want to welcome Mr. Pendleton. We appear on television shows but never in the real world here. Now here we are and I find that we are in, at least, considerable agreement. I commend you for your statement. I hope that you will be able to put the heat on and continue to press for the responsiveness that you claim has not been forthcoming under the block grant approach.

I don't know where we are on that matter and I am not sure you spell that out. We need to know what we need to do about this thing as of now. I quite agree with you that there has been a slippage.

Now, you didn't mean to imply, in responding to my friend from Pennsylvania, that it was because of ESAA that we had increased racial incidence.

Mr. **Pendleton**. I think that might be one interpretation but that was not my intent to imply that becuase of ESAA. What I think in many cases has happended, Mr. Conyers, is that where the Federal Government has tried to correct things that are local responsibilities there have been some problems. One reason is that while the Federal Government issues many regulations, it grants very little money to comply with them.

Also, the local unit of government, if you will, not just in education but in other areas, tends to substitute Federal funds for local taxing efforts, which I think are essential since schools are a local matter.

Mr. Conyers. You are out of the Urban League. You know the facts of life. The taxing systems in the State are grossly unfair to urban school districts and poor centers. That has been the case for as long as we have been reading the literature. You know the Urban League has taken that position over the years. You, yourself, refer to your own activity in your own community where you had to bring in Federal laws to challenge traditional local and State practices, which were, quite candidly, the same everywhere.

It hardly bears reciting now that it took national legislation to enforce the Constitution with reference to education, civil rights, employment, damn near everything else.

The less Federal effort, the more resegregation we are going to experience, which is precisely, it seems to me, what is occurring.

Mr. Pendleton. First of all, the San Diego case was a State matter and not a Federal matter.

Mr. Conyers. That might be true but there were Federal principles involved.

Mr. Pendleton. There were Federal principles involved but it was a State decision.

Since we have had the Voting Rights Act of 1965, we have more minority and particularly more black locally elected officials than we have ever had in this country's history. It does seem to me that those of us who understand where blacks have had to come under this effort and the effort that was made at the Federal level, that those who have been elected at the State level owe some commensurate responsibility to those of you who serve in the Federal Congress. And that if education is not the priority for funding, then they have an obligation to speak up and find out why it is not.

What I am really saying is that there is but so much money the Federal Government can put into a local district. So, there have got to be commensurate efforts at the local level to make the programs successful. The effort has to be in those activities that prepare youngsters to take tests and pass tests, and do whatever else is necessary to become a functional person in this society.

That is a personal point of view but I think that it is worth saying at this point.

Mr. Conyers. Mr. Chairman, I would just like to close by noting that the chairman, at least to his credit, operates the Commission without fear, favor or political ideology. That is the way I hope that Commission continues to operate, and that we operate not trying to satisfy partisan views of any administration or any particular political party.

Mr. Weiss. Thank you very much, Mr. Conyers.

Mr. Conyers. Thank you, sir.

Mr. Weiss. I have to set the clock on myself.

Mr. Chairman, the Commission has expressed support for the legislation which the House has now adopted and still waiting action by the Senate for removing the Emergency School Aid Act from the chapter 2 block grant and reauthorized it as a categorical program.

Is that still the position of the Commission?

Mr. **Pendleton**. It is.

Mr. **Weiss**. In the Civil Rights Commission report on the Department of Education's 1984 budget, you cited a recommendation of the President's Commission on Excellence in Education that the Federal role in education include "protecting constitutional and civil rights for students and school personnel."

Without Federal assistance, do you believe State and local governments have the capacity to perform that role?

Mr. **Pendleton**. Where, for instance, there has been federally ordered busing, there needs to be some Federal involvement in that program. There is no question about that.

But I believe that effort has to be matched by local and State governments.

Mr. **Weiss**. You are not suggesting that the Federal Government remove itself from that effort?

Mr. **Pendleton**. I don't think that they can do that at this point.

Mr. **Weiss**. Right.

Mr. **Pendleton**. But I do think there needs to be a better effort locally than——

Mr. **Weiss**. Right.

Mr. **Pendleton** [continuing]. Has been made.

Mr. **Weiss**. Good.

Mr. **Pendleton**. If I read the numbers correctly, the Federal presence in local school districts budgets is somewhere around 7 percent on the average. Well, 7 percent is not a lot of money. Implementing Federal regulations cost more than that.

I think the process needs to be simplified, the Federal presence still needs to be there, and once again to be those activities that make people functional and not those kinds of social activities that make them disfunctional.

Mr. **Weiss**. Now, the Commission's budget report also stated that the block grants implemented by the Department of Education shifted Federal funding from poor and minorities to wealthier students.

It appears that the allocation formulas approved by the Department for chapter 2 funding applications and chapter 1's looser targeting provisions may have caused the shift.

In your view, are these funding formulas and looser regulations resulting in a transfer of Federal education funds away from minorities and the impoverished.

Mr. **Pendleton**. You are asking me a personal view?

Mr. **Weiss**. Pardon?

Mr. **Pendleton**. You are asking me a personal point of view or a Commission point of view?

Mr. **Weiss**. I would like the Commission's view and your personal view.

Mr. **Pendleton**. Let me say that the Education Department report was adopted by the Commission on a 5-to-1 vote and I will leave it to you to guess who cast the nay vote.

I happen to believe in many cases that there has been too much Federal involvement in the local education scene. I think it needs to be there but that the expansive nature of the involvement has begun to cause some problems.

On the other hand, I think that I share the concern with my Commissioners. We are not quite sure yet whether that is the case, but things are pointing in that direction. There may be some—the way things are happening now at the Department of Education gives us some concern and we are going to watch that very carefully and see what really comes out.

We are really not quite sure yet. We have expressed our concerns. We are looking at that and that just may be the case. We don't say so with a degree of finality.

Mr. **Weiss**. The Department of Education, as you know, is considering and recommending a voucher program which would allow parents of chapter 1 eligible students to pay school costs to private schools or schools not in their districts.

Do you view this as a possible way for students and parents to avoid court-ordered desegregation?

Mr. **Pendleton**. The Commission said that by way of a 5-to-1 vote again.

What I do think is that a voucher system should allow people to pick whether they want to go to a public school or whether they want to go to a private school. I think that many people, black and white, want to make that decision. I would think that that program, from a personal point of view, needs to have a little testing.

Mr. **Weiss**. Mr. Pendleton, I want to thank you again for your commitment of time that you gave us today and for the work that you have been doing, and I appreciate the testimony that you have given us; it is very important. Although I think that sometimes the Commission's views, from my perspective, better reflect the needs than your personal views, I am satisfied that you personally, indeed, want to make sure that the Commission does an indepentdent job and is not really controlled in its work by anybody else's views.

I thank you very, very much.

Mr. **Pendleton**. I know I am supposed to get up and go but I need to say thank you for that comment about the Commission's independence. I need to say to you that at no time have I ever been instructed by the White House, even though I am a Republican, about what to do at the Commission. I want to commend the President and White House staff for not giving me any instructions. I don't know of anyone else they might have given them to.

What I said at my own confirmation hearings is that I understand the Commission's independence and that the President takes a chance when he appoints you. And in anything that I will do, I will give you my point of view and I will do that forthrightly and will appreciate the fact that there are differences of opinion.

But the most important thing in terms of this committee's work is that America's youngsters receive the best quality education they can to prepare them for the future.

Mr. **Weiss**. Thank you very much.

Our next panel is composed of Mr. Hugh Caumartin, superintendent of schools of Toledo, representing the American Association of School Administrators, and Dr. Wayne Teague, superintendent of schools, State of Alabama, representing the Council of Chief State School Officers.

I know that Mr. Erdreich had wanted to be here, Dr. Teague, at the time that you testified; and, indeed, he was here earlier, but as usual we are supposed to be at three places at the same time. So I express, on his behalf, his regrets at not being here at the particular moment that you are scheduled to testify.

Mr. Caumartin, perhaps you ought to begin.

STATEMENT OF HUGH T. CAUMARTIN, SUPERINTENDENT OF SCHOOLS, TOLEDO, OHIO, ON BEHALF OF THE AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS

Mr. CAUMARTIN. Fine, thank you very much.

Mr. Chairman and members of the subcommittee, I am very pleased to have the opportuntity to testify about the educational impact of chapter 2 of Congress' Educational Consolidation Improvement Act.

As superintendent of the Toledo Public Schools and Urban School District with an enrollment of over 44,000 students, and as an active member of the American Association of School Administrators, I will testify on not only my perception as to how chapter 2 has affected the Toledo public schools but also on conclusions I have reached after reviewing the AASA's survey concerning chapter 2.

The survey is summarized in the written testimony previously submitted and I request that that testimony be included in the record of this subcommittee's proceedings.

Mr. WEISS. Without objection, that will be done.

Mr. CAUMARTIN. First of all, Mr. Chairman, let me state that I strongly support Federal involvement in the elementary and secondary schools of this country for certain prescribed reasons for programs.

I favor this because it is a necessity, I feel, in order for our country to remain the world's leader. The National Commission on Excellence and Education and the Carnegie Foundation for the Advancement of Teaching, to name but two of the more recent reports, identify key areas of national needs.

The truth is, Mr. Chairman, that there is an educational urgency, national in scope, which exists today much as the sense of urgency which prevailed in the post-Sputnik era.

I strongly urge that the partnership between Federal, State, and local education agencies be instituted, perhaps one similar to the partnership established under the National Defense Education Act, where national priorities were identified and Federal funds were appropriated to address these priorities.

The partnership should allow maximum local decisionmaking while meeting the identified goals.

Rather than go through a long historical perspective of the impact of block grants on Toledo, may I condense it just down to a few short sentences.

In fiscal years 1981 and 1982, the Toledo public schools, under Federal categorical grants, received a per year average of $1,286,522. During fiscal years 1983 and 1984, chapter 2's first 2 years, the Toledo schools received a per year average of $473,000 in chapter 2 funding.

This is a 70-percent decrease in Federal funding for the Toledo public schools.

An examination of the submitted AASA report clearly shows that the Toledo public schools' experience in receiving substantially less Federal funds from chapter 2 than from the previous categorical grants is the rule rather than the exception. In large school districts this has been the case.

AASA data documents the fact that while more school districts receive chapter 2 funds than participated in categorical grants, the amount of Federal assistance to the school systems within the highest cost factors, large urban school districts drop by an average of 80 percent.

The report further shows that this Federal funding shift has created a serious equity problem in that approximately 80 percent of the Nation's elementary and secondary students are educated in only 24 percent of the Nation's school districts.

It is my belief that the Federal Government's cut in assistance by 80 percent at a time when numerous reports are calling for increased educational spending is at best unwise. It is not that I am opposed to this sharing of funds but rather that such sharing needs to be offset by a significant increase in Federal funding.

On the positive side I must state that chapter 2 has fully met its two goals of simplifying the local administration of Federal funds and increasing the local school district's flexibility in allocating Federal money.

We have found in the Toledo public school that the paperwork and headaches generated from the administration of Federal funds diminished with the implementation of chapter 2.

The Ohio Department of Education's chapter 2 office developed very simple procedures for both requesting chapter 2 funds and reporting chapter 2 activities and personnel from this office always responded promptly to our questions about chapter 2.

In the Toledo public schools we also found that the ability to allocate chapter 2 funds to any of 32 subchapters increased our responsiveness to the school district's needs. Such flexibility allowed the district to not only retain needed service in some categorical areas like instructional equipment purchases and arts education, but also to develop and implement programs which met needs in areas of handicapped students and student proficiency standards.

In other words, we were able to scratch where we itch with one major exception, and that was the loss of our ESAA funding. We had, similar to other major cities in Ohio, significant funding losses in the area of ESAA moneys as a result of the consolidation.

Regarding local school districts' flexibility in allocating chapter 2 funds, it must be noted that the AASA document shows that the great majority of school districts used a large portion of their chapter 2 funds for the purpose of instructional equipment, materials, computers, and software.

Most districts ignored such vital areas as desegregation and curriculum development probably because of the reduction of funds and the lack of incentive to do so. Whatever the reason, this need is one that is obviously in the Nation's best interest and is not being adequately addressed.

Let me conclude my testimony by summarizing what I believe are the positive and negative factors of chapter 2 in sharing some of my thoughts concerning future Federal involvement in education.

I applaud the increased flexibility and administrative ease which local school districts experience with chapter 2. I also applaud the increased number of school districts which are receiving Federal assistance through chapter 2. In contrast, I find most alarming the mass of funding cuts averaging 80 percent which large urban school districts experienced under antecedent programs.

To paraphrase the submitted AASA document, I welcome the increased flexibility given to local school administrators through chapter 2 but I oppose the use of the block grant delivery system as a vehicle to cut Federal funds to schools.

In the area of future Federal involvement in elementary and secondary education, I have two recommendations. First, that the Federal Government continue the chapter 2 program but at an expanded level. Large urban school districts must receive chapter 2 assistance at least equal to that secured under the categorical grants.

Second, this national attention has placed on increased student competency in mathematics, science, English, foreign language, and computer literacy, it would behoove Congress to reestablish with additional chapter 2 money limited grants to meet the identified goals. Such grants would clearly indicate that the Federal Government views these educational areas essential to the Nation's well-being and desires the development and implementation of educational programs tailored to meet specific needs.

As these needs are addressed and met, the categorical programs could be merged with an expanded chapter 2 program or some other similar vehicle.

One last thing that I would like to add after listening to the discussions here today, I think that the major problems we are hearing from our large urban school districts regarding the block grants stems from the fact that ESAA has been folded into the block grant. And looking down the 32 various areas that block grant money can be spent on, there seems to be a real philosophical inconsistency in including that.

The major reason I think that urban school districts with high-cost students are unhappy about this is very simple. We were the ones who were taking advantage of ESAA and we were the ones most affected by the funding cuts.

However, I think it is important to note that in our State, the State of Ohio, not only were large urban areas hit, but I received a letter from Shaker Heights, which is one of the most affluent communities in Ohio, which was heavily involved in a program of voluntary integration that really had the rug cut out from underneath them because of these funding cuts.

So it is not something that is just isolated to large urban areas, although that is where the preponderance of the problem lies.

Perhaps by breaking ESAA out of the block grant program, adequately funding it, and eliminating the bureaucratic hoops that districts had to jump through when ESAA was a categorical, many of the problems, I think, will be addressed that you heard today.

Thank you very much.

Mr. Weiss. Thank you very much, Mr. Caumartin.

[The prepared statement of Mr. Caumartin follows:]

TESTIMONY (FOR INCLUSION IN THE RECORD)

TO THE

INTERGOVERNMENTAL RELATIONS IN HUMAN RESOURCES STAFF COMMITTEE

OF THE

GOVERNMENT OPERATIONS COMMITTEE

U. S. HOUSE OF REPRESENTATIVES

ON

CHAPTER 2

OF THE

EDUCATION CONSOLIDATION IMPROVEMENT ACT OF 1981

BY

HUGH T. CAUMARTIN

SUPERINTENDENT OF SCHOOLS

TOLEDO, OHIO

FOR THE

AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS

1801 N. MOORE ST.

ARLINGTON, VA. 22209

SEPTEMBER 20, 1983

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS HUGH T. CAUMARTIN. I AM SUPERINTENDENT OF SCHOOLS IN TOLEDO, OHIO, AND I AM TESTIFYING TODAY IN BEHALF OF THE AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS (AASA), AN ASSOCIATION REPRESENTING NEARLY 17,000 SCHOOL SUPERINTENDENTS AND OTHER SCHOOL ADMINISTRATORS. WE APPLAUD THE COMMITTEE FOR HOLDING THIS HEARING TO DISCUSS THE IMPACT OF CHAPTER 2 OF THE EDUCATION CONSOLIDATION IMPROVEMENT ACT (ECIA) ON LOCAL EDUCATION AGENCIES (LEA'S).

THE AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS SUPPORTS FEDERAL AID TO EDUCATION AND FAVORS BOTH THE REDUCTION OF PAPERWORK BURDENS AND THE MAXIMIZING OF LOCAL CONTROL. AASA WELCOMES THE INCREASED FLEXIBILITY GIVEN TO LOCAL SCHOOL ADMINISTRATORS THROUGH THE CHAPTER 2 BLOCK GRANT. HOWEVER, AASA OPPOSES THE USE OF THE BLOCK GRANT DELIVERY SYSTEM AS A VEHICLE TO CUT FEDERAL FUNDS TO SCHOOLS.

ECIA CHAPTER 2 BECAME EFFECTIVE IN THE FALL OF 1982. IN AN EFFORT TO ASSESS THE IMPACT OF CHAPTER 2 ON LOCAL SCHOOL DISTRICTS, AASA RANDOMLY SAMPLED 2,500 LARGE, MID-SIZE, AND SMALL SCHOOL DISTRICTS. APPROXIMATELY 45 PERCENT OF THE SAMPLE RESPONDED TO THE FOLLOWING FOUR QUESTIONS OR STATEMENTS:

1) WHAT WAS YOUR SCHOOL DISTRICT'S TOTAL ALLOCATION THROUGH THE CATEGORICAL PROGRAMS FOR THE 1981-82 SCHOOL YEAR?

2) WHAT WAS YOUR TOTAL ALLOCATION UNDER ECIA CHAPTER 2 FOR 1982-83 SCHOOL YEAR?

3) HOW HAVE YOU ALLOCATED YOUR ECIA CHAPTER 2 MONEY? THE FOLLOWING LIST OF PROGRAMS ARE THOSE CATEGORICAL PROGRAMS WHICH WERE CONSOLIDATED INTO ECIA CHAPTER 2. PLEASE DESIGNATE (X) THE PROGRAMS FUNDED BY YOUR SCHOOL DISTRICT AND PROVIDE THE TOTAL AMOUNT ALLOCATED TO EACH PROGRAM. (THE 28 PROGRAMS WERE LISTED.)

4) BRIEFLY EXAMINE HOW YOU ARE USING THE MONEY IN EACH CATEGORY. (E.G., MICROCOMPUTERS, COMPUTER SOFTWARE, INSERVICE TRAINING, ETC.)

THE SURVEY FORMS BASICALLY SOUGHT TO ASSESS THE IMPACT OF CHAPTER 2 ON LOCAL EDUCATION AGENCIES BY COMPARING THE FUNDING OF THE 1981-82 CATEGORICAL PROGRAMS TO THE FUNDING THROUGH THE 1982-83 BLOCK GRANT DELIVERY SYSTEM AND BY ASKING SPECIFICALLY HOW SCHOOL DISTRICTS WERE SPENDING THEIR CHAPTER 2 MONEY. A COPY OF THE SURVEY FORM IS INCLUDED IN THE APPENDIX OF MY TESTIMONY.

A COMPARISON OF THE 1981-82 CATEGORICAL GRANTS TO THE 1982-83 BLOCK GRANT ALLOCATIONS WAS MADE. THIS SHOWED THAT 31 PERCENT OF THE LOCAL EDUCATION AGENCIES RECEIVED LESS MONEY, TWO PERCENT REALIZED NO FUNDING GAIN OR LOSS, AND 67 PERCENT RECEIVED MORE FUNDS. IT ALSO SHOWED THAT A SIGNIFICANTLY LARGER NUMBER OF SCHOOL DISTRICTS RECEIVED FEDERAL FUNDS THROUGH THE BLOCK GRANT THAN THROUGH THE PROGRAMS THAT IT REPLACED.

OF THE LOCAL EDUCATION AGENCIES WHICH RECEIVED SMALL GRANTS OF $1,000 OR LESS THROUGH THE 1981-82 CATEGORICAL PROGRAMS, APPROXIMATELY 85 PERCENT OF THEM RECEIVED A 200 PERCENT OR MORE INCREASE THROUGH THE BLOCK GRANT DELIVERY SYSTEM. THE AVERAGE 1981-82 ALLOCATION FOR THIS GROUP WAS NEARLY FOUR TIMES (384 PERCENT) THE 1981-82 AVERAGE GRANT. THE AVERAGE ALLOCATION IN 1982-83 FOR THESE DISTRICTS WAS $2,216, WHEREAS THE AVERAGE GRANT IN 1981-82 WAS ONLY $597.

ON THE OTHER HAND, THE DISTRICTS WHICH WERE GRANTED MORE THAN $250,000 THROUGH THE CATEGORICAL PROGRAM RECEIVED AN AVERAGE OF APPROXIMATELY 80 PERCENT LESS THROUGH THE BLOCK GRANT. THEY RECEIVED ONLY 20 PERCENT OF THEIR PREVIOUS ALLOCATION AND REPORTED AN AVERAGE SUM OF ONLY $105,463 IN 1982-83. THE BIG CATEGORICAL RECEIVERS BECAME THE BIG BLOCK GRANT LOSERS.

TABLE I (BELOW) COMPARES THE 1981-82 AVERAGE CATEGORICAL GRANT TO THE 1982-83 AVERAGE BLOCK GRANT ALLOCATIONS. THE FINAL COLUMN SHOWS THE AVERAGE GAIN OR LOSS IN EACH ALLOCATION CATEGORY.

TABLE I

Comparison of Average Allocations
from the
1981-82 Categorical Programs to ECIA Chapter 2
(Expressed in Thousands)

1981 Allocation Categories	Average 1981-82 Categorical Grants	Average 1981-82 ECIA Chapter 2 Block Grants	Average Allocation Gain (+) or Loss (-)
Less than $1,000	$ 597	$ 2,216	+ $ 1,619
$ 1,000 - $2,499	$ 1,729	$ 7,542	+ $ 5,813
$ 2,500 - $4,999	$ 3,554	$ 10,406	+ $ 6,852
$ 5,000 - $7,499	$ 6,257	$ 12,086	+ $ 5,829
$ 7,500 - $9,999	$ 8,879	$ 14,196	+ $ 5,317
$ 10,000 -$14,999	$ 12,210	$ 22,121	+ $ 9,911
$ 15,000 -$19,999	$ 16,910	$ 29,154	+ $ 12,244
$ 20,000 -$24,999	$ 22,604	$ 68,934	+ $ 46,330
$ 25,000 -$49,999	$ 35,774	$ 40,505	+ $ 4,731
$ 50,000 -$74,999	$ 60,243	$ 37,784	- $ 22,500
$ 75,000 -$99,999	$ 87,951	$ 34,894	- $ 53,057
$ 100,000 -$249,999	$ 159,512	$ 52,170	- $ 107,342
$ 250,000 or more	$ 941,299	$ 105,463	- $ 835,836

THE PERCENTAGE OF SCHOOL DISTRICTS RECEIVING GRANTS BETWEEN 0-$9,999 DECREASED APPROXIMATELY FOUR PERCENT FROM 1981-82 TO 1982-83; HOWEVER, THE PERCENTAGE OF SCHOOL DISTRICTS WHICH RECEIVED FROM $10,000 TO $49,999 INCREASED BY 16.7 PERCENT. THERE WAS A MAJOR DROP IN THE NUMBER OF AWARDS UNDER BOTH DELIVERY SYSTEMS AFTER THE $10,000 TO $49,999 CATEGORY. AS THE GRANT SUMS GREW, THE NUMBER

OF PARTICIPATING DISTRICTS DECREASED. THIS IS SIGNIFICANT, BUT WHAT IS MORE IMPORTANT TO KNOW IS THE LARGE DECREASE IN THE TOTAL SUMS AWARDED TO THE LARGER DISTRICTS.

DURING THE 1981-82 SCHOOL YEAR 125 DISTRICTS REPORTED GRANTS OF $50,000 OR MORE: HOWEVER, BY 1982-83 ONLY 47 LEAS REPORTED GRANTS ABOVE THAT FIGURE. ADDITIONALLY, OF THE 19 DISTRICTS WHICH REPORTED GRANTS OF $500,000 TO $999,999 IN 1981-82, ONLY FOUR RECEIVED GRANTS THAT LARGE UNDER THE BLOCK GRANT. OF THE 21 DISTRICTS WHICH REPORTED GRANTS OF $1,000,000 OR MORE IN 1981-82, ONLY THREE RECEIVED GRANTS THAT SIZE UNDER ECIA CHAPTER 2.

THE ALLOCATION CATEGORY WHICH REFLECTED THE GREATEST PERCENTAGE OF PARTICIPATION LOSS WAS $100,000 TO $499,999. THE PARTICIPATION DECREASE WAS NEARLY 33 PERCENT. HOWEVER, THE DECREASE IN PARTICIPATION OF LEAS RECEIVING $500,000 OR MORE WAS NEARLY 31 PERCENT. THE PERCENTAGES OF LOSS WERE NEARLY EQUAL, BUT THE TOTAL DOLLAR AMOUNT OF LOSS OF THE LATTER WAS MUCH GREATER.

[illegible]A ALSO ASKED SCHOOL DISTRICTS TO INDICATE WHICH PREVIOUS CATEGORICAL PROGRAMS WERE FUNDED THROUGH ECIA CHAPTER 2 AND HOW MUCH MONEY WAS BEING SPENT FOR EACH ONE. THESE ARE SUMMARIZED IN TABLE II WHICH IS ATTACHED.

THE RESULTS SHOWED THAT 88 PERCENT OF THE SCHOOL DISTRICTS SPENT MONEY FOR INSTRUCTIONAL MATERIALS AND SCHOOL LIBRARY RESOURCES AND THAT THE AVERAGE AMOUNT SPENT PER SCHOOL DISTRICT WAS $15,730. APPROXIMATELY 29.6 PERCENT OF THE SCHOOLS SPENT CHAPTER 2 FUNDS TO IMPROVE LOCAL EDUCATION PRACTICES, AND THE AVERAGE AMOUNT SPENT WAS $3,605. "OTHER" PROGRAMS RECEIVED FUNDS IN 17.8 PERCENT OF THE SCHOOL DISTRICTS AT THE AVERAGE RATE OF $2,651. THE FOURTH "MOST POPULAR" PROGRAM WAS GUIDANCE, COUNSELING, AND TESTING. THE FIFTH PRIORITY WAS GIFTED AND TALENTED. THESE LATTER TWO BEING FUNDED BY 14.4 PERCENT AND 13.3 PERCENT OF THE LEA'S RESPECTIVELY. THE AVERAGE AMOUNT SPENT ON GUIDANCE WAS

$703, WHILE THE GIFTED AND TALENTED AVERAGE EXPENDITURE WAS $1,033. MORE DISTRICTS SPENT MONEY ON GUIDANCE PROGRAMS THEN ON GIFTED AND TALENTED, BUT THEY SPENT SMALLER SUMS FOR GUIDANCE, COUNSELING, AND TESTING.

THE VAST MAJORITY OF THE PREVIOUS CATEGORICAL PROGRAMS ARE BEING FUNDED AT LOW LEVELS, BUT BY ONLY FOUR TO FIVE PERCENT OF THE SCHOOL DISTRICTS. THE MAJORITY OF THE PREVIOUS CATEGORICAL PROGRAMS WAS NOT FUNDED AT ALL BY MOST SCHOOL DISTRICTS SURVEYED.

NOTABLY, 94.3 PERCENT OF THE DISTRICTS SURVEYED WERE NOT FUNDING THE EMERGENCY SCHOOL AID ACT (ESAA). OF THE 5.7 PERCENT WHO WERE FUNDING ESAA PROGRAMS, THE AVERAGE ALLOCATION WAS ONLY $871. ADDITIONALLY, 95.3 PERCENT OF THE SURVEYED LEA'S DID NOT FUND DESEGREGATION TRAINING AND ADVISORY SERVICES. THE FEW DISTRICTS WHICH FUNDED THE PROGRAM DID SO AT AN AVERAGE SUM OF $94.

MOST LOCAL EDUCATION AGENCIES REPORT THAT THEY SPENT THEIR CHAPTER 2 MONEY SPECIFICALLY FOR INSTRUCTIONAL MATERIAL. INSTRUCTIONAL MATERIAL INCLUDES SUCH ITEMS AS BOOKS AND MATERIALS, COMPUTER HARDWARE, COMPUTER SOFTWARE, AND AUDIO VISUAL EQUIPMENT. PLEASE REFER TO TABLE II FOR THE DISTRIBUTION OF ECIA CHAPTER 2 FUNDS.

APPROXIMATELY 56 PERCENT OF THE SCHOOL DISTRICTS SPENT MONEY FOR BOOKS AND MATERIALS. THE LARGEST PERCENTAGE OF SCHOOL DISTRICTS WHICH SPENT CHAPTER 2 MONEY ON BOOKS AND MATERIALS SEEM TO RESIDE IN THE SOUTHERN CORRIDOR -- 73 PERCENT OF THE SOUTHEASTERN, AND 74.6 PERCENT OF THE SOUTHWESTERN DISTRICTS SPENT CHAPTER 2 MONEY FOR THIS PURPOSE.

ADDITIONALLY, LEA'S IN TEXAS REPORTED THAT 80 PERCENT OF THEM SPENT THE FUNDS FOR BOOKS AND MATERIALS.

COMPUTER HARDWARE WAS THE SECOND "MOST POPULAR" EXPENDITURE. NEARLY 50 PERCENT

REPORTED SPENDING MONEY FOR THIS PURPOSE. THE NEW ENGLAND DISTRICTS (66.1%) REPORTED EXPENDITURE FOR COMPUTER HARDWARE, WHILE ONLY 21.6 PERCENT OF THE SOUTHWESTERN DISTRICTS REPORTED EXPENDING CHAPTER 2 FUNDS FOR THIS PURPOSE. OHIO (62.5%) AND PENNSYLVANIA (69.6%) DISTRICTS ALSO REPORTED PRIORITY EXPENDITURES FOR COMPUTER HARDWARE.

THE THIRD MOST POPULAR CHAPTER 2 EXPENDITURE WAS FOR COMPUTER SOFTWARE. APPROXIMATELY 34 PERCENT OF THE RESPONDENTS BOUGHT SOFTWARE WITH THEIR CHAPTER 2 FUNDS. THE MID-EAST REGION (46.9 PERCENT) LED THE WAY IN THIS CATEGORY.
NEARLY 19 PERCENT OF THE RESPONDENTS SPENT CHAPTER 2 FUNDS ON STAFF TRAINING, AND APPROXIMATELY 16 PERCENT SPENT SOME FUNDS ON SALARIES. THE NEW ENGLAND DISTRICTS (42.9 PERCENT) EMPHASIZED STAFF TRAINING PROGRAMS THE MOST.

SUMMARY

THE INTENT OF CONGRESS IN PASSING THE EDUCATION CONSOLIDATION IMPROVEMENT ACT WAS TO MOVE TOWARD LESS FEDERAL CONTROL IN EDUCATION THROUGH A REDUCTION IN PAPERWORK REQUIREMENTS AND IN THE INCREASED FLEXIBILITY IN STATE AND LOCAL USE OF FEDERAL FUNDS. LOCAL SCHOOL ADMINISTRATORS WELCOME THIS INCREASE IN DISCRETIONARY FUNDS AND THE CORRESPONDING REDUCTION IN REGULATORY RESTRICTIONS.

THIS SURVEY OF THE IMPACT OF ECIA CHAPTER 2 ON LOCAL EDUCATION AGENCIES ASSISTED AASA IN IDENTIFYING TWO SALIENT FACTS: FIRST, ECIA CHAPTER 2 FUNDS ARE HELPING LOCAL SCHOOL DISTRICTS MOVE INTO THE HIGH TECHNOLOGY ERA; SECONDLY, THIS BLOCK GRANT DELIVERY SYSTEM IS CREATING A SERIOUS EQUITY PROBLEM.

SCHOOL DISTRICTS ARE USING THEIR CHAPTER 2 FUNDS PRIMARILY TO PURCHASE BOOKS AND MATERIALS, COMPUTER HARDWARE, COMPUTER SOFTWARE, AND AUDIO VISUAL EQUIPMENT. BECAUSE THERE IS UNCERTAINTY ABOUT THE FUTURE OF CHAPTER 2 AND THAT THERE RELATIVELY IS NOT MUCH MONEY INVOLVED, SCHOOL ADMINISTRATORS ARE FUNDING NON-REOCCURING EXPENDITURES. THIS LEGISLATION IS PROVIDING THE SPRINGBOARD FOR

SCHOOLS TO ENTER INTO THE HIGH TECHNOLOGY FIELD, BUT IT IS CRITICAL THAT CHAPTER 2 NOT BE VIEWED AS A SUBSTITUTE FOR THE MATH AND SCIENCE LEGISLATIVE INITIATIVE. ECIA HAS BECOME A VEHICLE FOR THE PURCHASE OF COMPUTER HARDWARE AND SOFTWARE, BUT NOT FOR THE TRAINING REQUIRED TO USE THE EQUIPMENT. THE NEED FOR MORE AND BETTER TRAINED MATH AND SCIENCE TEACHERS IS CERTAINLY NOT MET BY CHAPTER 2. BECAUSE OF THE INTENSE NATIONAL NEED FOR A NEW "NDEA" IN SCIENCE, MATH AND OTHER FIELDS (WITH NEEDS WHICH FROM TIME-TO-TIME MAY AND WILL ARISE), THESE NATIONAL PRIORITIES OUGHT TO BE DEBATED, DECIDED, AND FUNDED ON THEIR OWN MERITS.

ADDITIONALLY, THE AASA STUDY REVEALED THAT THE FISCAL IMPACT OF THE LEGISLATION WAS TO DISBURSE FEDERAL FUNDS ACROSS A LARGER NUMBER OF SCHOOL DISTRICTS. THE U.S. WAS DIVIDED INTO EIGHT REGIONS FOR THE PURPOSES OF OUR STUDY. EACH REGION REPORTED A GROWTH OF THE NUMBER OF SCHOOL DISTRICTS WHICH RECEIVED FEDERAL FUNDS THROUGH THE BLOCK GRANT DELIVERY SYSTEM. OVERALL THERE WAS A 51 PERCENT INCREASE IN THE NUMBER OF SCHOOL DISTRICTS WHICH RECEIVED FEDERAL FUNDS. NOT ONLY DID A LARGE NUMBER OF SCHOOL DISTRICTS RECEIVE FUNDS UNDER CHAPTER 2, BUT SMALL SCHOOL DISTRICTS REPORTED AN INCREASE IN THE SIZE OF THEIR ALLOCATION. FOR EXAMPLE, 67 PERCENT OF THE DISTRICTS SURVEYED NOTED AN INCREASE IN FUNDS RECEIVED FROM 1981-82 TO 1982-83. THE SCHOOL DISTRICTS WHICH RECEIVED AVERAGE GRANTS OF $22,604 IN 1981-82 REPORTED AN AVERAGE GRANT OF $68,934 IN 1982-83, THIS IS AN AVERAGE INCREASE OF $46,330.

HOWEVER, THE LEA'S WHICH REPORTED LARGE AVERAGE GRANTS $941,299 UNDER THE CATEGORICAL PROGRAM REPORTED AVERAGE GRANTS OF $105,463 THROUGH CHAPTER 2. THIS WAS AN AVERAGE LOSS OF $835,836. ECIA CHAPTER 2 SENT LARGER SUMS TO MORE SCHOOL DISTRICTS. THESE FUNDS WERE AT THE EXPENSE OF THE LARGE URBAN CENTERS.

THIS FUNDING SHIFT CREATES A SERIOUS EQUITY PROBLEM. APPROXIMATELY 80 PERCENT OF AMERICAN STUDENTS ATTEND SCHOOLS IN 24 PERCENT OF THE NATION'S SCHOOL DIS-

TRICTS. THE VAST MAJORITY OF THESE STUDENTS ATTEND SCHOOL IN LARGE URBAN CENTERS, WHICH WERE LOSERS UNDER THE BLOCK GRANT PROGRAM. THE SMALL DISTRICTS GAINED FUNDS, BUT THEY SERVE FEWER STUDENTS. THERE ARE APPROXIMATELY 16,000 SCHOOL DISTRICTS IN THE U.S. AND OVER HALF OF THEM (8,665) SERVED 1,000 OR FEWER STUDENTS.

EQUITY MUST BE PROVIDED. CONGRESS MUST SEE TO IT THAT THE LARGE URBAN CENTERS RECEIVE GREATER FINANCIAL ASSISTANCE. THE LOST OF ESAA HAS CRIPPLED VOLUNTARY DESEGRATION PROJECTS. NINETY-FOUR PERCENT OF THE SCHOOL DISTRICTS SURVEYED ARE NOT USING CHAPTER 2 FUNDS FOR DESEGRATION PURPOSES. THE FUNDS SIMPLY ARE NOT AVAILABLE IN THE QUANTITY NECESSARY. THE LACK OF FUNDS TO PROMOTE EQUAL EDUCATIONAL OPPORTUNITIES FOR ALL STUDENTS IS CLEAR WHEN THE FY83 APPROPRIATION FOR ALL OF CHAPTER 2 WAS ONLY $470.4 MILLION WHILE THE LAST ESAA APPROPRIATION IN 1981 WAS $149.2 MILLION.

CHAPTER 2 OF THE EDUCATION CONSOLIDATION IMPROVEMENT ACT OF 1981 NEEDS THE CONTINUED SUPPORT OF CONGRESS TO HELP SCHOOLS MOVE INTO THE HIGH TECHNOLOGY ERA, BUT THE LARGE URBAN CENTERS NEED INCREASED ASSISTANCE TO MAINTAIN EQUITY.

AMERICAN ASSOCIATION
OF SCHOOL ADMINISTRATORS
AASA
LEADERSHIP
FOR LEARNING

Dear AASA Member:

The General Accounting Office (GAO) of the U.S. government has requested information from AASA's Office of Governmental Relations (OGR) regarding how local education agencies are using the money allocated to them under Chapter 2 of the Education Consolidation and Improvement Act (ECIA). In order to answer GAO's questions and to provide information for members of Congress and the executive agencies, OGR needs basic data from you. Please complete the following survey form and return it as soon as possible to AASA's Office of Governmental Relations, 1801 North Moore Street, Arlington, VA 22209.

State ______________________

Congressional District ______

Congressman ______________________

A. What was your total allocation from the categorical programs during the 1981-82 school year? ______________________

B. What was your total allocation under ECIA Chapter 2 for the 1982-83 year? ______________

C. How have you allocated your ECIA Chapter 2 money?

The following list of programs are those categorical programs consolidated into ECIA Chapter 2. Please designate (X) programs funded and provide the total amount allocated to each program.

PROGRAM	AMOUNT APPROPRIATED
__1. Instructional Materials and School Library Resources (Elementary and Secondary Education Act (ESEA) Title IV Part B)	$__________
__2. Improvement in Local Education Practices (ESEA Title IV Part D)	__________
__3. Guidance, Counseling, and Testing (ESEA Title IV Part D)	__________
__4. Strengthening State Educational Agency Management (ESEA Title V Part B)	__________
__5. Emergency School Aid Act (ESEA Title IV Sections 601-617)	__________
__6. Pre-College Teacher Development Center (National Science Foundation Act of 1950)	__________
__7. Teacher Corps (Higher Education Act of 1965 (HEA) Title V Part A)	__________
__8. Teacher Centers (HEA Title V Part B Section 532)	__________
__9. Metric Education (ESEA Title III Part B)	__________
__10. Arts in Education (ESEA Title III Part C)	__________
__11. Preschool Partnership Programs (ESEA Title III Part D)	__________
__12. Consumer Education (ESEA Title III Part E)	__________
__13. Youth Employment (ESEA Title III Part F)	__________
__14. Law-Related Education (ESEA Title III Part G)	__________

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[illegible]

___15. Environmental Education (ESEA Title III Part H)	$______
___16. Health Education (ESEA Title III Part I)	______
___17. Correction Education (ESEA Title III Part J)	______
___18. Dissemination of Information (ESEA Title III Part K)	______
___19. Biomedical Sciences (ESEA Title III Part L)	______
___20. Population Education (ESEA Title III Part M)	______
___21. International Understanding (ESEA Title III Part N)	______
___22. Community Schools (ESEA Title VIII)	______
___23. Gifted and Talented (ESEA Title IX Part A)	______
___24. Educational Proficiency Standards (ESEA Title IX Part B)	______
___25. Safe Schools (ESEA Title IX Part D)	______
___26. Ethnic Heritage Studies (ESEA Title IX Part E)	______
___27. Career Education (Career Incentive Act)	______
___28. Desegregation Training and Advisory Services (Civil Rights Act of 1964 Title IV Section 405)	______
___29. Other (Please Explain)	______

D. Please briefly explain how you used the money in each category? (i.e. microcomputers, software, teachers, etc.)

Thank you for your support and cooperation.

Mr. **Weiss**. Dr. Teague?

STATEMENT OF DR. WAYNE TEAGUE, SUPERINTENDENT OF EDUCATION, STATE OF ALABAMA, ON BEHALF OF THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS

Dr. **Teague**. Mr. Chairman, I am here today representing the Council of Chief State School Officers. The council is an independent organization of the State superintendents and commissioners of education in the 50 States, 6 extraterritorial jurisdictions, and the District of Columbia.

We welcome these hearings as an indication of the interest that Members of Congress have about the programs funded under the Education Consolidation and Improvement Act of 1981.

We hope these hearings and other efforts to document what is happening in school systems across the country as a result of these programs will lead to a better understanding of the programs under both ECIA chapters 1 and 2.

The hearings may also produce ideas for improving these programs and a clear picture of the respective State and local roles in the administration of the programs.

Chapter 2, while not exactly a block grant, is a program which distributes funds to every school district to be used for any of a wide variety of purposes.

Chapter 2 funds are in many cases the only funds available to a school system to be used for innovative activities, new equipment, or for similar purposes.

Our testimony today will concentrate principally on ECIA chapter 2.

Although ECIA is part of the Reconciliation Act passed by Congress in 1981, the program was only implemented at the State and local levels for the first time during the 1982-83 school year. Therefore, while a host of issues are raised in any discussion of chapter 2, its implementation and degree of success, very few answers are available.

Our testimony today concentrates on three issues: How funds are used at the State and local levels in chapter 2 programs; the characteristics of intrastate distribution formulas under chapter 2; and a few comments about the evaluation of chapter 2 programs.

The announced goal of chapter 2 of ECIA is to put decisionmaking about how funds are to be used at the local and State levels.

Part of the argument which led to the passage of this law was that local decisionmaking would be a much more efficient mechanism for achieving educational goals than had been the multiplicity of antecedent programs, each with its own regulations and administrators.

A second part of the argument was that this increase in efficiency would be so great that the total amount of funding available could be radically decreased.

The council believes that experience to date suggests that the first part of the argument was correct, but that the second part of the argument was wrong.

Under the antecedent categorical programs, especially those which depended on local school district grantsmanship abilities, programs were not easily integrated into the ongoing instructional agenda of a school system.

In addition, programs for which funds were available might or might not fit locally determined needs and educational goals.

In many cases, categorical programs required separate staff and instructional settings in order to maintain the fiscal integrity and identifiable nature of the program.

Finally, the cyclical loss of Federal funding when grants were terminated or Federal priorities changed meant the end of the program in most school systems.

Under chapter 2, on the other hand, decisions are made on different grounds: Local needs and priorities are considered in light of the total amount of funding available to a district under the act.

As an instrument of policy, chapter 2 has improved the intergovernmental arrangements in implementing Federal aid to education. There are fewer regulations. There is increased flexibility to use funds for identified local needs and priorities, and funds are more widely distributed.

The topic of intrastate distribution formula under ECIA chapter 2 brings out the broadest differences in perception about the purposes of chapter 2. The law was plainly designed, in our view, to replace the previous targeted program with a broader program, not to duplicate it.

The number of participant LEA's thus increased greatly. At the same time, the total amount of funds available were vastly decreased, thus making it impossible to provide the previous level of services.

Because States were given some latitude to adjust their intrastate formulas to take into account high-cost children, much attention has been focused on the equity of adjustments States have made and the effect these formulas have had on the availability of Federal funds at the local level.

The factors used by States, in addition to enrollment, include economic, the number of exceptional students, the number of isolated minority students, and the number of limited English-speaking students.

States allocate approximately 70 percent of their funds on the basis of enrollment; the effect of this emphasis is to insure the broadest possible distribution of funds. As a result of this spreading, and the considerable decrease in total appropriations, the dollar amount per individual child is quite small.

It should be noted that funds for chapter 2 contained in the fiscal year 1983 appropriations continuing resolution are 44 percent below the fiscal year 1980 level for antecedent programs.

According to a survey by the Education Commission of the States, 57 percent of the States received lower funding in fiscal year 1982 than in fiscal year 1981, the last year of the antecedent programs.

Once these major shifts are taken into consideration, the effect of State formulas on major beneficiaries of antecedent programs can be viewed in better perspective. Chapter 2 converted 28 categorical programs into one formula-driven block grant. Every LEA was made

TABLE II

Distribution of 1982-83 ECIA Chapter 2 Funds
(Expressed in Percentages)

FUNDING PRIORITIES	REGIONS OF THE UNITED STATES									SELECTED STATES				
	TOTAL	New Eng-land	Mid-east	South-east	Great Lakes	Plains	South-west	Rocky Mtns.	Far West	MI	NY	OH	PA	TX
Books, Materials	56.3%	55.4%	48.8%	73.5%	48.1%	45.8%	74.6%	45.3%	53.6%	34.4%	48.5%	68.1%	47.8%	80.8%
Computer Hardware	49.8	66.1	63.0	36.7	63.6	53.1	21.6	47.2	50.0	59.4	57.6	62.5	69.6	21.9
Computer Software	33.7	42.9	46.9	26.0	43.0	31.1	17.9	15.1	40.5	45.3	45.5	36.1	47.8	12.3
Audiovisual Equipment	24.3	17.9	14.8	32.7	29.4	23.2	24.6	24.0	17.9	25.0	911	43.1	20.3	19.2
Staff Training	18.5	42.9	18.5	19.9	18.2	11.3	17.9	18.9	16.7	25.0	22.7	16.7	13.0	26.0
Salaries	15.4	17.9	17.9	18.9	10.7	13.6	19.4	7.5	14.3	12.5	16.7	12.5	14.5	21.9
Testing/Evalution	7.5	7.1	4.9	9.7	15.0	2.3	6.0	9.4	2.4	14.1	3.0	16.7	4.3	4.1
Other Equipment	8.2	1.8	8.6	11.2	10.3	5.6	9.0	5.7	4.8	4.7	6.1	18.1	13.0	8.2
Enrichment (Assemblies Field Trips, etc.)	4.5	8.9	3.1	3.6	8.4	2.8	3.7	3.8	2.4	7.8	3.0	11.1	-	1.4
Contracted Services, Consultants, Payments to RESAS	6.7	14.3	6.2	7.1	4.7	1.7	17.2	-	4.8	4.7	7.6	1.4	1.4	28.8
Remedial Services	2.8	-	3.1	4.6	2.8	.6	3.7	3.8	2.4	4.7	1.5	4.2	2.9	6.8
Guidance/Vocational Assistance	2.2	1.8	.6	3.1	2.3	2.8	3.0	1.9	-	4.7	-	-	1.4	5.5
Curriculum Development	1.6	1.8	1.9	-	2.3	2.3	3.0	-	-	1.6	1.5	1.4	2.9	4.1
Travel	1.0	-	1.9	2.0	-	-	2.2	-	1.2	-	-	-	1.4	4.1

o Percentages reflect the percentage of school districts spending money for the stated purposes.

eligible to receive funds, whereas, the allocation of funds under many of the antecedent programs benefited primarily those larger LEA's which had the resources to compete successfully in the grantsmanship game.

A recent NIE-supported study of chapter 2 implementation in nine States reports, and I quote: "It is quite clear from reviewing all nine case studies that in each of the States a major set of losers has been those districts who have had funding from the antecedent competitive grant programs in the past."

The redistribution of Federal aid to education forced by the enactment of chapter 2 and change in Federal purposes has had its greatest impact on those LEA's which had been major beneficiaries of the Emergency School Aid Act, a program of targeted desegregation assistance.

The council believes that inclusion of ESAA in chapter 2 was a mistake, and that a program of desegregation assistance should be enacted by the Congress. The House has already passed H.R. 2207, and the Senate has a similar bill before it.

Chapter 2 is not an appropriate instrument of policy to attack or resolve a specific educational need, since the flexibility it promotes precludes government from prescribing the use of funds for particular needs.

Such a program should not in any sense be considered a part of chapter 2, nor should it be funded by reducing chapter 2 appropriations. The two programs have different purposes and goals.

As noted, the passage of ECIA in 1981 marked a dramatic shift away from the highly specific, targeted categorical programs to a reliance on State and local determination of needs within a broad spectrum of listed possibilities.

The requirements for program evaluation have been similarly altered; the highly specific evaluation components of the antecedent programs have been replaced by a reliance on State and local mechanisms of accountability and determinations of program impact and effectiveness. With this change came a more flexible and less specific Federal evaluation posture regarding guidelines for the evaluation of chapter 2 programs.

Indeed, accountability for determining the impact of chapter 2 has fallen on State and local education agencies.

In order to assess the best approaches to evaluation of chapter 2 programs, the Council of Chief State School Officers assembled a group of State level evaluation specialists to serve on a consolidation evaluation task force. This group focused primarily on the evaluation needs of chapter 2, although some attention was directed at chapter 1. After several months' study, review, and modification, the task force finalized its report to the council. It was then disseminated nationwide to each SEA.

This cooperative endeavor provided valuable conceptual assistance to States as they planned evaluation suitable for chapter 2 programs. The report of the task force is attached to my statement.

Now that I have talked about chapter 2 in general, let me tell you about some of the specific things that we are doing in Alabama with chapter 2 funds.

Mr. Weiss. Dr. Teague, without objection, the task force report will also be included in the record.

Dr. **Teague**. Thank you, sir.

The first year of chapter 2, the Alabama State Board of Education decided to reserve only 10 percent of the chapter 2 funds at the State level. I believe this is equal to the lowest of any State in the Nation. For 1983-84, State board has increased that amount to 14 percent.

We have many programs which we are proud of. I would like to highlight just a few of these for you.

We have planned, developed, field tested, and implemented a basic competency testing program. This program will test students in grades three, six, and nine. The results are used to provide remediation to students in areas of deficiencies.

We planned, developed, and field tested a high school graduation examination. High school juniors this year will be the first group in Alabama who will be required to successfully pass this test prior to receiving a high school diploma.

We have initiated a leadership and management improvement program. This program provides workshops, seminars, and other activities specifically designed to upgrade the leadership skills of selected principals.

I will skip some of the other activities, as they are in our statement. I would like to go on to some conclusions since the time is running out.

Briefly, conclusions that the council would like to raise are these:

To compare chapter 2 with its antecedent programs is to compare apples and oranges. Chapter 2 has different goals from the antecedent programs; one problem before us is to be clear about the goals of chapter 2, and to judge the program on its achievement of those goals.

Among significant chapter 2 goals are its efficiency as a funding mechanism, and its responsiveness to State and locally determined needs.

Both chapter 2 and chapter 1 are seriously underfunded. Chapter 2 funding is currently 44 percent below the level at which the antecedent programs were funded in fiscal year 1980. Chapter 1 funding is adequate to serve only about half the eligible children of this Nation.

There is confusion about the costs and benefits of the change from the antecedent categorical programs to chapter 2. The costs were in the focus of Federal policy on specific targets; the benefits have been in increased efficiency, decreased regulation, broadened participation, and increased flexibility to meet changing needs.

Chapter 2 is, for many LEA's, the only source of funds available for innovative activities. The current national debate about education indicates clearly that new pressures are being put on schools to change, to achieve, and to prepare young people for a changing world.

Schools cannot achieve these goals without flexible resources. Chapter 2, while quite small in comparison to the overall level of funding for American elementary and secondary education, is a valuable resource.

Congress should enact a separate program of desegregation assistance, and fund it adequately without reducing the funds available for chapter 2.

Mr. Chairman, I appreciate your interest in these programs. The members and staff of the council stand ready to work with you and your staff to insure that there is a clear understanding of these programs, that we recognize how to improve the programs, and that Members of Congress have a clear picture of the State and local roles in the administration of these programs.

Thank you.

[The prepared statement, with attachment, of Dr. Teague follows:]

COUNCIL OF CHIEF STATE SCHOOL OFFICERS

STATEMENT REGARDING

IMPLEMENTATION OF CHAPTER TWO OF THE

EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

SEPTEMBER 20, 1983

I. INTRODUCTION

Mr. Chairman, I am today representing the Council of Chief State School Officers (CCSSO). The Council is an independent organization of the state superintendents and commissioners of education in the fifty states, six extra-territorial jurisdictions, and the District of Columbia. Members of the Council are the principal state officials responsible for the administration of public elementary and secondary education systems in the states, and for the administration of most federally supported education programs, as well. In addition, chief state school officers have some responsibility for the administration of higher education in 14 states, as well.

We welcome these hearings as an indication of the interest of members of Congress in programs funded under the Education Consolidation and Improvement Act of 1981 (ECIA). We hope that these hearings and other efforts to document what is happening in school systems across the country as a result of these programs will lead to a better understanding of the programs under both ECIA Ch. 1 and Ch. 2. The hearings may also produce ideas for improving the programs and a clearer picture of the respective state and local roles in the administration of the programs.

The Council considers both Ch. 1 and Ch. 2 to be useful programs, but for different reasons. Chapter One (formerly Title I of the Elementary and Secondary Education Act) is a massive program (current funding $3.2 billion) which provides compensatory educational services to children in disadvantaged areas. The program is specifically targeted on children who attend schools in impoverished areas, and it carries out a particular federal purpose: assisting those children to gain the tools needed for them to be able to take advantage of the opportunities available to them for further education and jobs. Chapter Two, on the other hand, while not exactly a "block grant," is a program which distributes funds to every school district to be used for any of a wide variety of purposes. Chapter Two funds are in many cases the only funds available to a school system to be used for innovative activities, new equipment, or other similar purposes. Our testimony today will concentrate principally on ECIA Chapter Two.

Although ECIA is part of the Reconciliation Act passed by Congress in 1981, the program was only implemented at the state and local levels for the first time during the 1982-83 school year. Therefore, while a host of issues are raised in any discussion of Chapter Two, its implementation and degree of success, very few answers are yet available. Our testimony today concentrates on three issues: how funds are used at the state and local levels in Chapter Two programs, the characteristics of intrastate distribution formulas under Chapter Two, and a few comments about the evaluation of Chapter Two programs.

II. How Chapter Two Funds Are Used

The announced goal of Chapter Two of ECIA is to put decisionmaking about how funds are to be used at the local and state levels. Indeed, sec. 561 of the Act is quite explicit:

> It is the purpose of this chapter to consolidate the program authorizations contained in [the antecedent programs] into a single authorization of grants to States....to be used in accordance with the educational needs and priorities of State and local educational agencies as determined by such agencies. (part of sec. 561(a))

Part of the argument which led to the passage of this law was that local decisionmaking would be a much more efficient mechanism for achieving educational goals than had been the multiplicity of antecedent programs, each with its own regulations and administrators. A second part of the argument was that this increase in efficiency would be so great that the total amount of funding available could be radically decreased. The Council believes that experience to date suggests that the first part of the argument was correct, but that the second part of the argument was wrong.

Under the antecedent categorical programs, especially those which depended on local school district "grantsmanship" abilities, programs were not easily integrated into the ongoing instructional agenda of a school system. In addition, programs for which funds were available might or might not fit locally determined needs and educational goals. In many cases, categorical programs required separate staff and instructional settings in order to maintain the fiscal integrity and identifiable nature of the program. Finally, the cyclical loss of federal funding when grants were terminated or federal priorities changed meant the end of the program in most school systems.

Under Chapter Two, on the other hand, decisions are made on different grounds: local needs and priorities are considered in light of the total amount of funding available to a district under the Act. As Table I illustrates, some funds are used somewhere for nearly all of the antecedent purposes. Table II illustrates that the funds available to state education agencies (a maximum of 20 percent of the total) are used for a variety of statewide educational improvement purposes. The proportions are not the same as the proportion of appropriations for the antecedent programs, which is as might be expected: local priorities are not necessarily federal priorities.

The oft-cited case of the use of Chapter Two funds to purchase microcomputers is instructive here. First, Chapter Two became a law at about the same time that school districts across the country were realizing that microcomputer technology had definite useful applications in the classroom, and identifying the use of such technology as a high priority. Second, the amount of money available in any given year to the average school district is fairly small, so that elaborate programs requiring personnel and longterm planning are impractical. Thus, the local purchase of microcomputers, software, and other technology is a logical outcome of both timing and funding levels under Chapter Two. Even so, the proportion of funds spent on computer technology varies greatly: North Carolina estimates that 14% of Chapter Two funds are used for computer hardware, Maryland estimates that 25% of funds available to its districts are used for computers or related activities, and about 34% is used for hardware and software in Maine. Nearly half the districts responding to a survey by the American Association of School Administrators reported that they were making major expenditures on computer hardware from Chapter Two funds. The Council believes that such an outcome is entirely within both the spirit and the letter of the legislation: local school districts are sending Congress a message that in many cases the acquisition of new instructional technology is a high priority.

In making funds available for the acquisition and use of microcomputer and related equipment, Chapter Two is thus fulfilling its announced purpose of placing decisionmaking at the state and local levels. One reason that the particular priorities of instructional equipment and school improvement are selected for funding with high frequency by school districts, however, is that there are too few funds available under the Act in most districts to mount more elaborate programs. As an instrument of policy, Chapter Two has improved the intergovernmental arrangements in implementing federal aid to education--there are fewer regulations, there is increased flexibility to use funds for identified local needs and priorities, and funds are more widely distributed.

III. Characteristics of Intrastate Formulas Under Chapter Two

The topic of intrastate distribution formulas under ECIA Chapter Two brings out the broadest differences in perception about the purposes of Chapter Two. The law was plainly designed, in our view, to replace the previous targeted programs with a broader program, not to duplicate them. The number of participant LEAs thus increased greatly. At the same time, the total amount of funds available was vastly decreased, thus making it impossible to provide the previous level of services.

Chapter Two directs SEAs to distribute not less than 80 percent of their total allocation to LEAs within the state according to relative enrollments in public and nonpublic schools. States are further required by the law to adjust their formulas to provide higher per-pupil allocations to LEAs which have large numbers of certain classes of "high-cost" children. The statute cites three examples of such "high-cost" categories of children: 1) children from low-income families, 2) children living in economically depressed urban or rural areas, and 3) children living in sparsely populated areas. Whatever "high-cost" factors are identified and used by a state in its formula, LEAs are not required to serve such children.

Because states were given some latitude to adjust their intrastate formulas to take into account "high-cost" children, much attention has been focused on the equity of the adjustments states have made, and the effect these formulas have had on the availability of federal funds at the local level. The factors used by states, in addition to enrollment, include economic need, size of enrollment, the number of exceptional students, the number of isolated minority students, and the number of limited English speaking students. States allocate approximately 70% of their funds on the basis of enrollment; the effect of this emphasis is to insure the broadest possible distribution of funds. As a result of this spreading, and the considerable decrease in total appropriations, the dollar amount per individual child is quite small.

Attention to intrastate formulas has often overshadowed consideration of the effect of the reduction in total federal funds available to states. As Table III illustrates, the total dollar amount available nationwide has decreased substantially. Table IV displays the funds available to each state for school years 81-82 through 83-84 (fiscal years 1981-83). In FY 82 (school year 82-83), the appropriation for Chapter Two was reduced 14 percent below the previous year's level for the antecedent programs. The FY 1981 levels, however, had been reduced 37 percent below FY 1980 levels for the antecedent programs. Funds for Chapter Two contained in the FY 83 appropriations Continuing Resolution are thus 44 percent below the FY 80 level for the antecedent programs. According to a survey by the Education Commission of the States, 57 percent of the states received lower funding in FY 82 than in FY 81, the last year of the antecedent programs.

Once these major shifts are taken into consideration, the effect of state formulas on major beneficiaries of antecedent programs can be viewed in better perspective. Chapter Two converted 28 categorical programs into one formula-driven block grant. Every LEA was made eligible to receive funds, whereas the allocation of funds under many of the antecedent programs benefitted primarily those larger LEAs which had the resources to compete successfully in the "grantsmanship" game. A recent NIE-supported study of Chapter Two implementation in nine states reports: "It is quite clear from reviewing all nine case studies that in each of the states a major set of losers has been those districts who have had funding from the antecedent competitive grant programs in the past."

The redistribution of federal aid to education forced by the enactment of Chapter Two and change in federal purposes has had its greatest impact on those LEAs which had been major beneficiaries of the Emergency School Aid Act (ESAA), a program of targeted desegregation assistance. Generalizations about both the impact of funding changes and the behavior of such districts in the face of new conditions cannot be made. Some ESAA districts are receiving as many funds under Chapter Two as they did under ESAA, while many are receiving lower funding. Many former ESAA recipients, even when receiving funding near previous levels, have taken advantage of the new program to change dramatically their approach to desegregation assistance and school improvement.

The Council believes that inclusion of ESAA in Chapter Two was a mistake, and that a program of desegregation assistance should be enacted by the Congress. The House has already passed H.R. 2207, and the Senate has a similar bill before it. Chapter Two is not an appropriate instrument of policy to attack or resolve a specific educational need, since the flexibility it promotes precludes government from prescribing the use of funds for particular needs. When needs are specific and clearly defined, as in the case of desegregation assistance, the Congress should not hesitate to develop a categorical program. Let me hasten to add that such a program should not in any sense be considered to be part of Chapter Two, nor should it be funded out by reducing Chapter Two appropriations. The two programs have different purposes and goals: Chapter

Two provides flexible assistance to meet locally defined needs, while a desegregation assistance program focuses on a particular set of federally defined priorities.

IV. Issues in the Evaluation of Chapter Two

As noted, the passage of ECIA in 1981 marked a dramatic shift away from the highly specific, targeted categorical programs to a reliance on state and local determination of needs within a broad spectrum of listed possibilities. The requirements for program evaluation have been similarly altered; the highly specific evaluation components of the antecedent programs have been replaced by a reliance on state and local mechanisms of accountability and determinations of program impact and effectiveness. With this change came a more flexible and less specific federal evaluation posture regarding guidelines for the evaluation of Chapter Two programs. Indeed, accountability for determining the impact of Chapter Two has fallen on state and local education agencies.

In order to assess the best approaches to evaluation of Chapter Two programs, the Council of Chief State School Officers assembled a group of state level evaluation specialists to serve on a Consolidation Evaluation Task Force. This group focused primarily on the evaluation needs of Chapter Two, although some attention was directed at Chapter One. After several months' study, review, and modification, the task force finalized its report to the Council. It was then disseminated nationwide to each SEA. This cooperative endeavor provided valuable conceptual assistance to states as they planned evaluation suitable for Chapter Two programs. The report of the Task Force is attached to my statement, and it makes the following points which should be considered here today:

1. Chapter Two consolidated many categorical programs into a flexible purpose block grant with the goal of creating efficiently administered programs which provide services without adverse duplication of administrative effort and which also reduce the data burden on state and local education agencies. Evaluation procedures for Chapter Two should be designed to measure the level of achievement of this goal. Therefore, evaluation information describing the programs funded should be provided regarding services provided, to whom the services are provided, and the number of persons served. A key evaluation aspect will be the degree to which Chapter Two is perceived as efficient and effective at all levels.

2. Because Chapter Two programs are based on local decisions about local needs, evaluation procedures should be designed so that Chapter Two program implementation can be contrasted to a needs assessment of priorities served by Chapter Two. Discrepancy information should be collected on (a) the categorical programs previously funded which were discontinued even though a need still existed, (b) previously funded programs which are being continued and at what level, (c) new programs which are being funded as a result of local needs assessments, and (d) changes that have been made in the numbers and types of students served by Chapter Two funds compared to those served under the antecedent programs. One central policy question which this information can help answer is the extent to which the intent of any particular antecedent programs are being addressed, even though specific activities may be different.

3. An evaluation strategy should be planned to measure the impact of Chapter Two funding on the students served directly by the various programs. Student impact would be documented by individual program evaluation which could be presented as case studies or singular evaluations. Due to the variety of specific programs resulting from Chapter Two, it is unlikely that state summaries of student impact will be available.

V. Conclusions

I have touched on only a few issues raised by the radical change in policy represented by the implmentation of Chapter Two of the Education Consolidation and Improvement Act. A number of conclusions can be drawn from our consideration of these issues:

1. To compare Chapter Two with its antecedent programs is to compare apples and oranges. Chapter Two has different goals from its antecedent programs; one problem before us is to be clear about the goals of Chapter Two, and to judge the program on its achievement of those goals.

2. Among significant Chapter Two goals are its efficiency as a funding mechanism, and its responsiveness to state- and locally-determined needs.

3. Both Chapter Two and Chapter One are seriously underfunded. Chapter Two funding is currently 44 percent below the level at which the antecedent programs were funded in FY 1980. Chapter One funding is adequate to serve only about half the eligible children in the nation.

4. There is confusion about the costs and benefits of the change from the antecedent categorical programs to Chapter Two. The costs were in the

focus of federal policy on specific targets; the benefits have been in increased efficiency, decreased regulation, broadened participation, and increased flexibility to meet changing needs.

5. Chapter Two is, for many LEAs, the only source of funds available for innovative activities. The current national debate about education indicates clearly that new pressures are being put on schools to change, to achieve, and to prepare young people for a changing world. Schools cannot achieve these goals without flexible resources. Chapter Two, while quite small in comparison to the overall level of funding for American elementary and secondary education, is a valuable resource.

6. Congress should enact a separate program of desegregation assistance, and fund it adequately without reducing the funds available for Chapter Two.

Mr. Chairman, I appreciate your interest in these programs. The members and staff of the Council stand ready to work with you and your staff to insure that there is a clear understanding of these programs, that we recognize how to improve the programs, and that members of Congress have a clear picture of the state and local roles in the administration of these programs.

TABLE I April 1983

CHAPTER 2 OF THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

How LEAs Plan to Use Their Block Grants

	Number 1/ of States	Planned Expenditures	Percentages
Totals	33	$179,548,300	100%
Subchapter A (Basic Skills Development)	30	10,683,039	5.95
Reading	14	2,856,687	1.59
Mathematics	13	1,677,067	.93
Written/Oral Communication	14	844,481	.47
Comprehensive School Level Programs	17	5,304,804	2.96
Subchapter B (Educational Improvement & Support)	33	152,346,843	84.85
Library Resources/Textbooks/Instructional Materials/and Equipment	[illegible]0	85,132,651*	47.42
Improve Local Educational Practices	29	26,594,454	14.81
Isolation/Concentration Minority Group Children	16	2,401,812	1.34
Guidance/Counseling/Testing	20	6,274,582	3.50
Improving Planning/Management/ Implementation of Educational Programs	30	3,507,100	1.95
Teacher Training/In-Service Staff Development	27	6,338,095	3.53
Desegregation Programs	12	10,643,700	5.92
Other 2/	10	11,454,449	6.38
Subchapter C (Special Projects)	33	16,518,418	9.20
Metric Education	6	4,275	.002
Arts in Curriculum	21	1,031,475	.57
In School/Preschool Parent Partnership	11	659,215	.37
Consumer Education	9	35,699	.02
Preparation for Employment	6	93,063	.05
Career Education	22	980,024	.55
Environmental/Health/Law Related/Population	19	698,098	.39
Academic/Vocational/Education of Juvenile Delinquents	8	400,890	.22
Biomedical/Medical Science Careers for Disadvantaged	2	120,350	.07
Gifted & Talented	25	5,188,506	2.89
Community Centers	17	344,040	.19
Educational Proficiency Standards	11	445,190	.25
Safety in Schools	10	967,894	.54
Ethnic Heritage Studies	7	304,862	.17
Civil Rights Training	6	300,896	.17
Other 2/	18	4,943,941	2.75

1/Of the 40 reports received as of 4/8/83, 33 included data on LEA use of funds.

2/Includes total amount for subchapter where programs were not specifically identified.

*Includes $50,035,790 in Instructional Equipment reported by 24 States.

Source: U.S. Department of Education

TABLE II

April 1983

CHAPTER 2 OF THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

How SEAs Plan to Expend the Block Grant Funds

Reserved for Their Own Use

Total of State Allotments	$437,472,000
Total Amount Reserved for State Use	83,092,771
Percentage	18.99

	Number of States	Planned Expenditures	Percentage
Totals	50	$83,092,771	100.00
Administration	50	10,731,211	12.92*
Subchapter A (Basic Skills Development)	29	6,109,691	7.35
State Leadership/Support Services	27	5,845,077	7.03
School Level Programs	4	264,644	.32
Subchapter B (Educational Improvement & Support)	50	61,155,479	73.60
Library Resources/Textbooks/Instructional Materials/and Equipment	15	2,278,241	2.74
Improve Local Educational Practices	20	9,389,892	11.30
Isolation/Concentration Minority Group Children			
Guidance/Counseling/Testing	5	1,163,960	1.40
Improving Planning/Management/ Implementation of Educational Programs	50	42,920,707	51.65
Teacher Training/In-Service Staff Development	9	1,451,613	1.75
Desegregation Programs	8	3,951,066	4.76
Other 1/			
Subchapter C (Special Projects)	25	5,096,391	6.13
Metric Education	2	44,700	.05
Arts in Curriculum	9	373,711	.45
In School/Preschool Parent Partnership	1	38,000	.05
Consumer Education	3	230,552	.28
Preparation for Employment	3	909,533	1.09
Career Education	8	251,838	.30
Environmental/Health/Law Related/Population	5	521,308	.63
Academic/Vocational/Education of Juvenile Delinquents	1	19,550	.02
Biomedical/Medical Science Careers for Disadvantaged			
Gifted & Talented	12	650,078	.78
Community Centers	9	702,191	.85
Educational Proficiency Standards	3	385,509	.46
Safety in Schools	2	72,053	.09
Ethnic Heritage Studies			
Civil Rights Training	3	732,673	.88
Other 1/	3	164,695	.20

1/Includes total amount for subchapter where programs were not specifically identified.

*2.45 percent of total State allotments

TABLE III

CHAPTER II ECIA

National

Program	Program Year 1980-1981	1981-1982	1982-1983
State Block Grant	NF	NF	442,176,000
Basic Skills	28,500,000	25,650,000	NF
Biomedical Sciences	3,000,000	3,000,000	2,880,000
Cities in Schools	3,050,000	2,745,000	NF
Community Schools	3,138,000	3,138,000	NF
Consumer Education	3,617,000	1,356,000	NF
Intercultural Understanding	--*	2,000,000	NF
Law-Related Education	1,000,000	1,000,000	960,000
Metric Education	1,840,000	1,380,000	NF
PUSH for Excellence	1,000,000	825,000	NF
Instructional Materials and School Library Resources	171,000,000	161,000,000	NF
Improvement in Local Educational Practice	146,550,000	66,130,000	NF
Strengthening State Education Agency Management	50,850,000	42,075,000	NF
Emergency School Aid	248,571,000	149,209,000	NF
Gifted and Talented	6,280,000	5,625,000	NF
Ethnic Heritage Studies	3,000,000	2,250,000	NF
Teacher Corps	30,000,000	22,500,000	NF
Teacher Centers	13,000,000	9,100,000	NF
Pre-College Science Teacher Training	2,500,000	1,875,000	NF
Career Education	15,000,000	10,000,000	9,600,000
TOTAL	$731,896,000	$510,858,000	$455,616,000

* 1980-81 National Total included in Foreign Language and Area Studies, Post-Secondary Institutional Aid.

Source: Doyle & Neuber, Northeast Regional Exchange

TABLE IV

4/23/83

Education Consolidation and Improvement Act
Chapter 2: Block Grants for Improving School Programs
State Distribution (1981-1984)

State	SY 81-82 1981 Actual 1/ Obligations	State Share (Percent)	SY 82-83 1982 Actual Obligations	State Share (Percent)	SY 83-84 1983 Appropriation	State Share (Percent)	1984 President's Budget	State Share (Percent)
Alabama	$ 9,310,777	1.84	$ 7,633,794	1.74	$ 7,702,302	1.74	$ 7,702,397	1.74
Alaska	1,673,421	0.33	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Arizona	5,713,026	1.13	5,090,409	1.17	5,203,403	1.18	5,203,347	1.18
Arkansas	4,166,964	0.82	4,373,525	1.00	4,433,616	1.00	4,433,670	1.00
California	54,246,507	10.70	41,291,513	9.44	42,415,392	9.51	42,415,907	9.51
Colorado	5,470,881	1.08	5,222,993	1.19	5,394,131	1.21	5,394,197	1.21
Connecticut	7,705,019	1.52	5,626,052	1.29	5,652,312	1.27	5,652,381	1.27
Delaware	5,334,320	1.05	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Dist. of Columbia	5,081,817	1.00	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Florida	15,189,568	3.00	15,925,153	3.64	16,495,099	3.70	16,496,100	3.70
Georgia	12,412,379	2.45	10,664,740	2.44	11,147,072	2.50	11,148,007	2.50
Hawaii	2,614,098	0.52	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Idaho	2,352,502	0.46	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Illinois	22,001,556	4.34	21,163,056	4.84	21,364,440	4.79	21,364,700	4.79
Indiana	13,296,379	2.62	10,582,428	2.42	10,677,614	2.39	10,677,744	2.39
Iowa	5,003,104	0.99	5,330,630	1.22	5,384,911	1.21	5,384,976	1.21
Kansas	3,998,761	0.79	4,129,341	0.94	4,213,077	0.94	4,213,920	0.94
Kentucky	5,886,713	1.16	7,057,931	1.61	7,135,293	1.60	7,135,379	1.60
Louisiana	11,553,090	2.28	8,543,996	1.95	8,483,467	1.90	8,483,374	1.90
Maine	2,463,710	0.49	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Maryland	7,231,962	1.43	7,896,681	1.81	7,920,614	1.78	7,920,710	1.78
Massachusetts	10,653,970	2.10	10,173,011	2.33	10,190,136	2.29	10,190,239	2.29
Michigan	20,542,592	4.05	18,231,632	4.17	18,220,177	4.09	18,220,398	4.09
Minnesota	6,610,301	1.30	7,629,692	1.74	7,680,074	1.72	7,680,960	1.72
Mississippi	7,674,513	1.51	5,303,643	1.21	5,394,131	1.21	5,394,197	1.21
Missouri	17,467,406	3.44	8,899,073	2.03	8,980,990	2.01	8,981,109	2.01
Montana	2,444,590	0.48	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Nebraska	3,720,416	0.74	2,861,216	0.65	2,904,532	0.65	2,904,560	0.65
Nevada	1,700,010	0.34	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
New Hampshire	2,117,703	0.42	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
New Jersey	15,530,875	3.06	13,484,913	3.08	13,591,367	3.05	13,591,332	3.05
New Mexico	3,514,308	0.69	2,665,553	0.61	2,747,700	0.62	2,747,813	0.62
New York	48,291,027	9.52	31,340,643	7.16	31,399,467	7.04	31,399,031	7.04
North Carolina	10,689,371	2.11	11,067,452	2.53	11,267,741	2.53	11,267,870	2.53
North Dakota	1,951,219	0.38	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
Ohio	25,200,194	4.97	20,354,391	4.66	20,506,920	4.60	20,507,169	4.60
Oklahoma	5,085,337	1.00	5,464,336	1.25	5,716,037	1.28	5,716,927	1.28
Oregon	4,296,591	0.85	4,631,497	1.06	4,740,600	1.06	4,740,737	1.06
Pennsylvania	20,340,163	4.01	20,966,546	4.79	21,087,027	4.73	21,088,083	4.73
Rhode Island	2,007,257	0.33	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50
South Carolina	6,436,972	1.27	6,203,610	1.42	6,325,436	1.42	6,325,503	1.42
South Dakota	2,003,048	0.40	2,107,360	0.50	2,229,304	0.50	2,229,331	0.50

Source: U.S. Department of Education

TABLE IV (cont'd)

State	1981 Actual 1/ Obligations	State Share (Percent)	1982 Actual Obligations	State Share (Percent)	1983 Appropriation	State Share (Percent)	1984 President's Budget	State Share (Percent)
Tennessee	$ 7,862,551	1.55	$ 8,378,920	1.96	$ 8,732,030	1.96	$ 8,732,144	1.96
Texas	27,272,790	5.38	27,672,974	6.33	29,026,082	6.51	29,027,234	6.51
Utah	3,003,797	0.59	3,088,956	0.71	3,347,120	0.75	3,347,160	0.75
Vermont	1,809,730	0.36	2,187,360	0.50	2,229,304	0.50	2,229,331	0.50
Virginia	11,701,343	2.31	9,824,822	2.25	9,967,617	2.23	9,967,730	2.23
Washington	9,638,260	1.90	7,348,289	1.68	7,579,446	1.70	7,579,530	1.70
West Virginia	3,282,349	0.65	3,632,769	0.83	3,734,399	0.84	3,734,444	0.84
Wisconsin	13,788,350	2.72	8,919,131	2.04	8,999,440	2.02	8,999,540	2.02
Wyoming	1,743,256	0.34	2,187,360	0.50	2,229,304	0.50	2,229,331	0.50
Puerto Rico	4,997,035	0.99	7,764,407	1.77	8,117,450	1.82	8,117,346	1.82
Subtotal, State grants	507,026,635	100.00	437,472,000	100.00	445,860,800	100.00	445,866,210	100.00
Outlying Areas								
American Samoa	420,997		427,885		436,089		435,597	
Guam	907,243		1,210,313		1,233,725		1,232,333	
Northern Marianas	234,679		214,951		219,073		218,825	
Trust Territory	813,545		1,621,111		1,652,196		1,650,332	
Virgin Islands	915,910		1,229,549		1,253,117		1,251,703	
Subtotal, Outlying Areas	3,292,302		4,704,000		4,794,200		4,788,790	
Subtotal, Block Grant	510,319,037		442,176,000		450,655,000		450,655,000	
Bureau of Indian Affairs	612,712		—		—		—	
Secretary's Discretionary Fund	23,446,079		28,224,000		28,765,000		28,224,000	
Total, Chapter 1	534,377,828		470,400,000		479,420,000		478,879,000	

1/ Data were obtained from reports of actual obligations by State for the 29 antecedent programs consolidated into the block grant.

REPORT OF THE CCSSO CONSOLIDATION EVALUATION TASK FORCE

March 1982

REPORT OF THE CCSSO CONSOLIDATION EVALUATION TASK FORCE

Introduction

Since the passage in July 1981 of that part of the Omnibus Reconciliation Act known as the Education Consolidation and Improvement Act (ECIA), local, state and federal officials have been deciding how to implement the new law, which represents a radical departure in the structure of federal funding for education. In October 1981 the Education Department held a series of regional meetings in an effort to explain the provisions and interpretations of the law.

In November, the Council of Chief State School Officers (CCSSO) established a set of three task forces to address specific issues emerging from the legislation and the regional meetings. The task forces are: Technical Amendments; Implementation; and Evaluation. The purpose of these task forces is to provide coordinated assistance to the states in both policy and technical areas. Each task force has been asked to report at the March 1982 CCSSO meeting to the appropriate chiefs' committee.

Simultaneously, the CCSSO Committee on Evaluation and Information Systems (CEIS) adopted a resolution at its October semi-annual meeting as follows:

"WHEREAS, legislated consolidation of a number of federally funded categorical programs has resulted in diminished reporting and undefined evaluation requirements as evidenced by "Subtitle D-Elementary and Secondary Education Block Grants"

Section 556 (b) 4
Section 561 (b)
Section 566 (a) 3
Section 577 (4)
Section 591 (b)*, and

WHEREAS, this new focus on evaluation will require SEAs and LEAs to develop an accountability system to demonstrate to the Congress and the public the worth of federally supported education programs;

NOW THEREFORE BE IT RESOLVED that CEIS work collectively to define evaluation procedures for states to adopt, as appropriate for the purpose of legislative accountability and evaluation for decision making,

And that LEA and SEA representatives be convened by the CCSSO office within the next six weeks to begin the process of developing these procedures".

*Note: Additional passages referring to evaluation requirements are:

Section 555 (d)
Section 564 (a) (2) and (5)
Section 573 (a) (5)

These two forces--the Council's impetus and the CEIS resolution--form the basis for the charge to the Evaluation Task Force.

Evaluation task force members were chosen on the basis of evaluation expertise, demographic distribution, and a mix of SEA and LEA representation. The full nine member task force met once, and a smaller group met a second time to complete the report. The members' travel and expenses were provided by their respective agencies.

The main focus of the task force was to provide SEAs with recommendations for evaluating the activities supported by ECIA which would serve the needs of the states. In light of the political realities of this new legislation, the task force had to begin with an assessment of the need for any evaluation information.

With the continued reduced funding, particularly for Chapter 2, the lack of federal requirements and guidelines for information collection and evaluation, and the strong role foreseen for the state advisory committees, the rationale for expending significant resources for evaluation may appear questionable.

Yet the task force feels that the lack of evaluation data could very easily damage prospects for the future of the program. As the shift continues from the federal to the state levels in the management of education programs, the states become more, not less, accountable for them. SEAs and the LEAs have become accustomed to the federal government not only requiring the evaluation of programs but also dictating methods of evaluation. Since the federal regulations have been lifted it may be a temptation for SEAs and LEAs to lessen evaluation activities. This could result only in a lack of information for policy decisions, an image of irresponsibility which SEAs and LEAs do not deserve. The task force, therefore, strongly encourages each state to confront the evaluation questions emerging from the ECIA, and to use this document as a guide in determining individual state needs.

Review of Federal Evaluation Requirements

The federal role in evaluation has clearly diminished with the passage of the ECIA, and is presently limited to (1) a review of allocation formulas for Chapter 2, (2) monitoring the states' compliance with the assurances specified in the legislation, and (3) requiring such fiscal data as is necessary for on-site review and audit. Chapter 3 forbids the Secretary from establishing evaluation regulations. The evaluation requirements in the Act are specified as follows:

Chapter 1.

Section 555(d) Records and Information. Each state educational agency shall keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the Secretary under the chapter).

Section 556(b) Application Assurances. The application described in subsection (a) shall be approved if it provides assurances satisfactory to the state education agency that the local education agency will keep such records and provide such information to the state education agency as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the state agency under this chapter)...

Section 556 (b) (1c) (4) [and that the programs and projects described] will be evaluated in terms of their effectiveness in achieving the goals set for them and that such evaluations shall include objective measurements of educational achievement in basic skills and a determination of whether improved performance is sustained over a period of more than one year...

Chapter 2.

Section 564 (a) (2) [any state...shall file an application.... which...] provides for a process of active and continuing consultation with the state educational agency of an advisory committee appointed by the Governor and determined by the Governor to be broadly representative of the educational interests and the general public in the state...to advise the state educational agency on the allocation among authorized functions of funds (not to exceed 20 per centum of the amount states' allotment) reserved for states use under section 565 (a) on the formula for the allocation of funds to local education agencies, and on the planning, development, support, implementation, and evaluation of state programs assisted under this chapter.

Section 564 (a) (5) [state...shall file an application which] beginning with fiscal year 1984 provides for an annual evaluation of the effectiveness of programs assisted under this chapter, which shall include comments of the advisory committee, and shall be made available to the public and (6) provided that the state educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation (consistent with the responsiblities of the Secretary under this chapter);

> Section 566 (a) A local educational agency may receive its allocation of funds under this chapter for any year in which it has on file with the state educational agency an application which...
>
> (3) agrees to keep such records, and provide such information to the state educational agency as reasonably may be required for fiscal audit and program evaluation, consistent with the responsibilities of the state agency under this chapter.
>
> Section 573 (a) (5) [a local educational agency shall provide for] procedures for testing students and for evaluation of the effectiveness of programs maintaining a continuity of effort for individual children.

With non-specific requirements for state and local evaluations the resulting data will vary in scope and nature. The flexibility in the requirements will permit more emphasis on evaluation for local decision making. The shift in control will also require more effort and forethought in planning for meaningful evaluations.

When the full task force met in December, federal program and evaluation staff suggested the following issues should be addressed by state and local evaluations:

(1) Since priorities among states differ and flexibility of funding is allowed, how are the funds in Chapter 2 spent in relation to areas included and types of services provided? A major purpose of Chapter 2 is to consolidate a number of small programs, which varied in priority among the states, into a larger and more flexible funding area. These data would provide insight into the priority setting within a state or local school system.

(2) Given the flexibility in spending the funds, is there evidence which suggest that client groups are targeted more efficiently and with less duplication than under categorical funding? A corollary question relates to the degree to which federal, state, and local resources are being meshed in providing services.

(3) Since the funding level for the consolidated programs is less than the total of previous categorical programs, what is the effect of the decrease in funding?

(4) Does a diminished federal program and evaluation presence in Chapter 2 actually provide more flexibility in expenditures, improved planning, and reduced data collection? Is the consolidation a more effective pattern for funding?

(5) Do LEAs effectively plan for the participation of private schools?

(6) How can the program impact of Chapters 1 and 2 be demonstrated to Congress?

Considerations in Evaluation Design

After reviewing the legislation, the task force has identified three assumptions which should guide evaluation activities. They are as follows:

(1) Evaluations should be appropriate to the scope and nature of the activity being evaluated. Chapter 1, for example, has more focus than chapter 2, and therefore is more amenable to impact evaluations which could be summarized at various levels, including the federal level. It also has a higher funding level and may be deserving of greater depth of evaluation. On the other hand, Chapter 2 is much more varied in nature and smaller in scope, thereby making other evaluative approaches more effective than summarized impact evaluation.

(2) SEAs and LEAs should make every effort to collect information for programs supported by the consolidation emphasizing their accountability for the management of the funds.

(3) In the evaluation of Chapter 2, SEAs should report on the following two questions in order to provide information for the Congressional budget review process:

- How effective has the implementation of the consolidation been at both the state and local levels?

- To what extent does the funding meet the needs appropriate to Chapter 2?

The task force considers the evaluation issues related to Chapter 2 as having the highest priority at this time. This is primarily due to the applicability of the ESEA Title I Evaluation and Reporting System (TIERS) to Chapter 1 evaluations. It also is in recognition that the programs provided under Chapter 2 may be considerably different than those provided under categorical funding. Additionally, there are not existent evaluation procedures in place for Chapter 2.

Although Chapter 2 is projected to receive a low level of funding, SEAs and LEAs will have the flexibility to apportion their federal resources according to their needs. Chapter 2 may serve as a model for future federal support through consolidated funding.

Three evaluation questions emerge from the task force's deliberations. The first of these focuses on how well SEAs and LEAs perceive the consolidation to be working. The question of implementation would provide data on improvements which are needed and feedback on how SEAs and LEAs organize to design, implement, and evaluate new programs.

The second question relates to more traditional area of needs assessment. Rather than just selecting priority areas for funding, this evaluation aspect examines the needs which could reasonably be assumed to be a federal responsibility, and then determining those needs which are unmet as a result of the underfunding of Chapter 2.

The third area is impact evaluation. In Chapter 2 the program's impact will be the result of the combined effect of many disparate programs which have been designed to meet particular needs at the state or local level. Impact information for Chapter 2 is required in 1984.

Recommendations for Evaluating Chapter 1 and Chapter 2.

Chapter 1.

1. Recommendation: The evaluation efforts currently underway for the Title I Evaluation and Reporting System (TIERS) be continued as evaluation approaches for Chapter 1.

Discussion: The Act requires objective measurements of educational achievement by the LEA. SEAs and LEAs are familiar with TIERS as the means of reporting summative monitoring evaluations of achievement in the basic skills. Additional evaluations of Chapter 1 should be conducted by LEAs as deemed necessary for program refinement and improvement. These evaluations may range from collecting information for program monitoring to studies of the effectiveness of alternative approaches in the delivery of services. Needs assessments of the adequacy of funds for serving Chapter 1 eligible students should also be considered.

Chapter 2.

1. Recommendation: SEAs collect and analyze descriptive information which shows:

- services provided
- to whom services are provided, including number served
- to what degree the program is perceived as efficient and effective at the SEA and LEA levels.

Discussion: Evaluation procedures should be designed to determine if the consolidation of many categorical programs into a flexible purpose block grant program has resulted in efficiently administered programs which provide services without adverse duplication of administrative effort and also reduces the data burdens on SEAs and LEAs. A case study approach is suggested for selected school systems which may want to participate in a "before and after" program consolidation study.

2. Recommendation: SEAs, in cooperation with LEAs, conduct a needs assessment to determine the unmet needs of appropriate populations.

Discussion: In conducting a needs assessment to determine priorities for Chapter 2 funds, an SEA or LEA will also be able to determine needs which are unmet. Discrepancy data should be collected on (a) which of the previously categorically funded programs are being discontinued; (b) which are being continued with minor changes; (c) new programs which have been targeted for funding; and (d) the numbers and types of students being served (regular students, Chapter 1 eligible students who are not in an attendance area served by Chapter 1 funds, gifted/talented students, and other populations.) The data should also include numbers of students served by grade level, the intensity of the service (hours of participation), and the numbers of staff paid by Chapter 2 funds. The needs assessment should also show the number of students or teachers who would be served in the high priority areas if sufficient funding was provided.

3. Recommendation: SEAs conduct a summative evaluation to assess the impact of Chapter 2 on LEAs.

Discussion: Measurement of the impact of Chapter 2 is clearly associated with the needs assessment evaluation described above, but should be conducted after the program has been in operation for at least a year. The SEA would, if possible, track the extent to which the program had a beneficial result on those served. The following points form the structure of the impact evaluation:

(a) How adequately were the recipients of Chapter 2 funds served? Were expected gains or objectives achieved for special populations? What were the results from programs planned for various grade levels, public or private school participants, or various sized school systems?

(b) What specific services were provided as a result of Chapter 2 funds? Were these services effective in terms of the programs' objectives?

(c) What changes can be documented as results from Chapter 2 funding? These changes would likely be presented as case studies of particular programs, which could be placed into an information clearinghouse so others could review the practices considered successful.

The CCSSO Task Force on Consolidation Evaluation urges each SEA and LEA to carefully review their plans for the program so that the consolidation programs have flexibility, ease of administration, and responsible data collection. Within this framework, evaluation should judge the administration of the programs, the needs for services, and the outcomes resulting from the programs.

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Mr. **Weiss**. Dr. Teague, thank you very much. Your testimony and that of Mr. Caumartin, I think, are extremely important, and we appreciate your patience in staying with us.

There is a floor vote at this point to rule on the Jobs bills, so the subcommittee will stand in recess for approximately 20 to 25 minutes.

Mr. **Caumartin**. Thank you very much, Mr. Chairman. [Recess taken.]

Mr. **Weiss**. The Subcommittee on Intergovernmental Relations and Human Resources is now back in session and our next witness is Linda-Tarr-Whelan of the National Education Association.

Ms. Tarr-Whelan, thank you for your patience.

STATEMENT OF LINDA TARR-WHELAN, DIRECTOR OF GOVERNMENT RELATIONS, NATIONAL EDUCATION ASSOCIATION

Ms. **Tarr-Whelan**. Mr. Chairman, I am Linda Tarr-Whelan, the director of government relations for the National Education Association. I would request that my full statement be placed in the record and I will testify by a summary of that statement.

Mr. **Weiss**. Without objection, that will be done.

Ms. **Tarr-Whelan**. Our organization represents roughly 1.7 million educators and educational support personnel in all 50 States. We thank the chairman and the members of this subcommittee for holding hearings into the success of the ECIA chapter 2, since that is considered a precedent block grant for this administration.

The NEA is national in scope and we have been watching it from this area, but we have also been watching it from every State capital across the United States and through the eyes of 15,000 local affiliates across the country.

The Education Consolidation and Improvement Act was created through an ill-defined budget process without legislative hearings or public comment. This hurried process was the beginning of what has become a myriad of problems which have at their core a real question: How does chapter 2 of ECIA relate to this provision of quality education to the Nation's children?

Ironically, at a time when we explore educational reforms to achieve educational excellence, we have lost some of the major resources to get the job done. NEA established principles for consolidation and/or block grant legislation which we provided to the Congress and administration during the legislative process and have attached a chart to our testimony, including a comparison of these principles against what has been enacted in terms of ECIA.

We find that ECIA chapter 2 fails on the four basic principles: that consolidation or block grants should not be a vehicle for reducing Federal funds or budget cutting; second, that any consolidation should result in improved services to the persons included within the scope of categorical funding; third, that consolidation or block grants should continue to promote excellence and equality of educational opportunity and include safeguards insuring that those intended to be served are actually served; and fourth, that block grants should, by providing a foundation of Federal dollars, encourage increased efforts by State or local government in increasing funding efforts.

I'd like to make five basic points. First of all, ECIA was designed to cut Federal funds. It is clear the overriding purpose in the creation of ECIA was to reduce Federal funds to public schools. Rhetorical statements by its creators aside, this was the basic goal the administration had in mind when they advanced the block grant idea and that is indeed what has happened. One has only to look at the bottom line to verify this.

An artificially low funding cap was placed into law on chapter 1, a program which even the current Secretary of Education has attested to as the most effective Federal education program.

With over half of the children eligible for assistance under chapter 1 remaining unserved, funding was locked in at $3.4 billion. If chapter 1 were only held harmless for inflation from fiscal year 1980 to 1984, the ceiling should be raised by $1.07 billion to $4.55 billion.

For chapter 2, maximum allowable funds for the program were reduced to $589 million from a fiscal year 1980 funding level of $731 million for the antecedent programs. At present, funding stands at $479.4 million. If corrected for inflation, the appropriation should have increased from 1980 levels of $731 million to $1.035 billion.

Second, a redistribution of reduced funds has occurred under chapter 2. Where chapter 2 is concerned, a major effect of this block grant has been an unhealthy distribution of these already reduced funds.

State formulas for distributing the 80 percent of the funds passed through directly to local school districts are based largely on pupil population. This does mean that every school district gets money, but it also means, given a modest sized appropriation for chapter 2, that the money is spread a mile wide and an inch deep in many cases. Furthermore, given the increased requirements for private school participation, private schools receive a larger share of a smaller pie.

There has been a windfall effect for school districts which did not compete for or did not win competitions for programs under antecedent legislation. By simply existing, they are funded. Correspondingly, districts, which had received grants for worthwhile programs are now left with diminished resources.

In appendix 3 of my testimony is a chart of the winners and losers in terms of that redistribution effect.

I would like to use two examples of programs which have been cut, in effect, through the block grant program. The largest of these is ESAA, and I understand a number of previous witnesses for this subcommittee have talked about that program in detail. I'd like to spend a minute talking about teacher centers, which have been negatively affected by the shift to block grant from categorical funding.

There's been a great deal of attention paid of late to the need for incentives to attract and retain high-quality individuals for the teaching profession. The nonremunerative rewards and working conditions within which teachers operate must not be overlooked as part of the solution.

The Federal teacher center program was an encouraging and positive step assisting professional educators to improve their performance. The program had only been in operation 2 years when it was buried within the multitude of other programs and purposes folded into chapter 2. Teacher centers, run by teachers for teachers, provided inservice and curriculum development opportunities. As dedicated professionals, teachers believe that teachers should share with other teachers and learn from them.

A survey released by the American Association of School Administrators shows that only 6.4 percent of 1,100 school districts responding use their chapter 2 funds for teacher centers. An average amount of only $248 per school district was being spent on this activity. And according to preliminary data from the U.S. Department of Education, of the portion of funding which States reserve for their own use, only 10 States reported using part of this share for teacher training and inservice staff development.

We have underway a survey within the NEA which we'll be glad to provide to this subcommittee when it is completed on the teacher center program.

The fourth point I'd like to make is that the redistribution has caused a new equity problem to arise. AASA's study found that 88 percent of the local share is being spent on instructional materials and equipment. In this category, over half of the school districts were purchasing computer hardware. Because of the uncertainty of this funding and the breadth of its purposes, these funds are being viewed as soft money and expended on materials. But what about the people resources that need investments?

Varying commitments among States to address the equity issue in disbursing block grant funds are evident. School districts are investing a large share of their chapter 2 dollars in computers, which creates a new problem not envisioned by the designers. In the headlong and sometimes ill-advised rush to meet the new technology, school districts are buying computers as fast as they can squeeze out the funds to do so.

The question must be raised about whether school districts serving a greater number of needy children are afforded the same luxury. Poor school districts must expend their funds elsewhere first and the students could be headed for a new disadvantage in contrast to their wealthier counterparts, that of computer illiteracy.

This raises the question of whether the Federal dollars are used wisely. Shortly after ECIA became law, NEA affiliates were urged to seek appointment to the Governors' advisory committees and, where appropriate, to local advisory committees. NEA members and leaders are on such committees in 48 States. We keep in touch with them, and their collective experience has been that parents and teachers are infrequently involved in the decisionmaking process or evaluation process around the distribution of funds.

The advisory committee in some States has not had a direct and continuing role in either of those activities. The Department of Education provides very little oversight of ECIA, with minimum guidance in the form of technical assistance, useful regulations, or policy clarification. It is practically impossible to monitor the effectiveness of programs.

Major components of programs such as auditing, evaluation, compliance, and due process requirements seem to be lost under the guise of creativity and flexibility.

In conclusion, we are faced with a critical question. Has ECIA chapter 2 improved educational excellence or equity at the local level in public elementary and secondary education? With reduced funding, inadequate legislative deliberation, and a confusion of purposes, programs designed to address equity concerns and those aimed at instructional improvement were lumped into the same box and both have suffered for it.

ECIA has become a case study in how not to create a block grant. Further, because the chapter 2 program displaced ongoing programs rather than adding additional funding on top of them, some critical elements, such as the Emergency School Aid Act and teacher centers, were virtually abandoned.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Tarr-Whelan follows:]

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TESTIMONY OF

LINDA TARR-WHELAN

DIRECTOR OF GOVERNMENT RELATIONS

NATIONAL EDUCATION ASSOCIATION

ON THE

EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

BEFORE THE

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS

OF THE

UNITED STATES HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1983

Mr. Chairman, Members of the Subcommittee on Intergovernmental Relations and Human Resources, I am Linda Tarr-Whelan, Director of Government Relations for the National Education Association (NEA). Our organization represents 1.7 million educators and educational support personnel in all fifty states. I mention this because we are an organization at the national, state and local levels. The NEA is national in scope, but, through our state affiliates, we represent education in every state capital. Through our 15,000 local affiliates we represent education at the local level also.

NEA's long standing interest in elementary and secondary education was reflected in our successful efforts on behalf of the passage of the Elementary and Secondary Education Act of 1965 (ESEA). Indeed, there was an urgent need for the law and the resulting programs and services which provided educational opportunities for millions of children. The Education Consolidation and Improvement Act (ECIA) was created through an undefined budget process, without legislative committee deliberation, hearings, or public comment. This hurried process was the beginning of what has become a myriad of problems which have as their core a real question about how Chapter II of ECIA relates to the provision of quality education to the Nation's children. Ironically, at a time when we explore education reforms to achieve educational excellence, we have lost one of the major resources to get the job done.

NEA, established objective principles for consolidation and/or block grant legislation which we provided to the Congress and the Administration during the legislative and regulatory processes. We have attached a chart including a comparison of NEA principles for consolidation against the provisions/intents of block grants. The ECIA fails on all four basic principles:

1. Consolidation or block grants should not be a a vehicle for reducing federal funds or budget cutting.

2. Any consolidation should result in improved services to all persons included within the scope of categorical funding while protecting the minimum foundation currently in existence.

3. Consolidation or block grants should continue to promote equality of educational opportunity and include safeguards ensuring that those intended to be served are actually served.

4. Consolidation or block grants should, by providing a sturdy foundation of federal dollars, encourage increased efforts by state/locals in increasing funding efforts: At a minimum, state/local maintenance of effort should be mandatory.

1. ECIA was designed to cut federal funds.

It is clear that the overriding purpose in the creation of ECIA was to reduce federal funds to public schools. Rhetorical statements by its creators aside, this was the basic goal the Administration had in mind when they advanced the block grant idea and its legislative champions worshipped at the same altar. One need only look at the bottom line to verify this. Of all the predicted changes wrought by the creation of ECIA, two stood delivered as soon as it was signed. An artifically low funding cap was placed into law on Chapter I, a program which even the current Secretary of Education has attested to as the most effective federal education program. With over half of the children eligible for assistance under Chapter I remaining unserved, funding was locked in at $3.4 billion.

Title I of ESEA which became Chapter I had a delivery system that was working. Evaluations had shown the program to be effective in improving education attainment of disadvantaged youngsters. If anything it needed only some fine-tuning here and there--not a major overhaul. It is too soon to know what the impact of the changes are on the Chapter I services being delivered to disadvantaged students. At this point the experience with Chapter I shows that funds have been reduced for the program through imposition of an artificial cap at $3.48 billion. If Chapter I were only held harmless for inflation from FY80-84 the ceiling should be raised by 1.07 billion dollars to 4.55 billion.

For Chapter II maximum allowable funds for the program was reduced to $589 million from an FY80 funding total of $731 million for the 28 antecedent programs. At present, funding stands at only $479.4 million. If corrected for inflation the appropriation should have increased from 1980 levels of $731 million to $1.035 billion.

There is an additional loss in funds inherent in the Chapter I language since states are only held to a maintenance effort of 90 percent of the efforts of the previous year.

2. A redistribution of reduced funds under Chapter II.

Where Chapter II is concerned a major effect of this block grant has been an unhealthy redistribution of these already reduced funds. Funds are generated to the states based on pupil population 5-17, including private school population. Then, state formulas for distributing the 80 percent of the funds passed through directly to local school districts are also based largely on pupil population. This means that every school district gets money.

But it also means given a modest-sized appropriation for Chapter II, that the money is spread a mile wide and an inch deep in many cases. Because there are no size and scope requirements for receipt of Chapter II funds, some school districts receive as little as $200. What advance can be made in educational quality for that sum escapes me entirely. Furthermore, given the increased requirements for private school participation, private schools receive a larger share of a smaller pie.

There has been a windfall effect for school districts who did not compete for or did not win competitions for programs under the precedent legislation. By simply existing they are funded. Concomittantly, districts who had received grants for worthwhile programs are now left with diminished resources.

To further exacerbate the difficulties brought about by the creation of ECIA, the context in which all of these changes occurred cannot be overlooked. Reductions in funding and shifts in emphasis have gone on during a period of fiscal constraint and retrenchment at the state and local level. Important services that had been provided by these programs prior to their consolidation were not or could not be shifted to state and local funding sources. According to a recent survey by the National Governors' Association, Fiscal Survey of the States (June 1983), "Aggregate state budget balances, which dropped by over $4 billion from fiscal 1982 to 1983, are at a new low; almost every state has initiated austerity measures from raising taxes and cutting budgets across the board to furloughing and laying off employees: and the situation for 1984 remains grim.'

3. Examples of programs which have been cut--ESAA and Teacher Centers.

One of the largest of the pre-consolidation programs was school desegregation assistance under the Emergency School Aid Act (ES~~AA~~). Districts that relied on this important federal program have been unable to make up the losses they have suffered from its elimination and have struggled to prevent disruption in their desegregation efforts. Assisting districts in implementation of desegregation plans has been an important civil rights role for our national government and must not be abandoned. Others of my colleagues testifying before you today have excellent data that they can share on the impact of this funding reduction on school desegregation.

Another very valuable program, teacher centers, has been negatively effected by the shift to block grant from categorical funding. There has been a great deal of attention paid of late to the need for incentives to attract and retain high quality individuals for the teaching profession. Unfortunately, attention has been concentrated on the issue of merit pay with a single solution being advanced for a multi-faceted problem. The NEA has long spoken of our critical concern about inadequate teacher salaries and we are committed to working at every level of government to correct this. However, the nonremunerative rewards and working conditions within which teachers operate must not be overlooked as part of the solution. The federal teacher center program was an encouraging and positive step to assist professional educators to improve their performance. The program had only been in operation two years when it was buried within the multitude of other programs and purposes folded into Chapter II. Teacher centers, run by teachers for teachers, provided inservice and curriculum development opportunities. As dedicated professionals teachers believe that teachers should share with other teachers and learn from them.

One of the measures that turns up again and again in gauging work satisfication among teachers as for many other professionals, is the degree of professional respect they are accorded. The Carnegie Foundation for the Advancement of Teaching issued a report last week entitled High School: A Report on Secondary Education in America. It repeated an oft-heard refrain--better working conditions and more autonomy for teachers is essential to advancing educational excellence. The central concept of the teacher center program was to let the experts, the classroom practioners themselves, develop meaningful teacher inservice training to meet today's teachers' needs.

Now let's take a look at what has happened to this important program since enactment of ECIA, Chapter II. A survey released by the American Association of School Administrators (AASA) shows that only 6.4 percent of 1100 school districts responding used their Chapter II funds for teacher centers. An average amount of only $248 per school district was being spent on this activity. According to preliminary data from the U.S. Department of Education, of the portion of funding which states reserved for their own use, only ten states reported using any part of this share for teacher training and inservice staff development activities.

NEA is completing a survey of the impact of the block grant on teacher centers and will provide the results to this subcommittee as soon as they are available. From the information that we have to date, most teacher centers are experiencing a reduction in programs and services and some have been forced to close down.

4. How Chapter II funds are spent: a new equity problem arises.

The experience with teacher center funding is a glaring example of what can occur when a block grant is carelessly constructed. An important purpose has gotten lost in the "everything-but-the-kitchen-sink" design of Chapter II. It is really quite telling to note how Chapter II funds are being primarily spent. AASA's study found that 88 percent of the local share is being spent on instructional materials and equipment and in this category over half the school districts were purchasing computer hardware. Because of the uncertainty of this funding and the breadth of its purposes, these funds are being viewed as "soft money" and expended on materials. Adjustments can be made in purchasing plans when federal appropriations fail and no commitments are implied for the following year's funds. But what about the people resources that need investments? What about quality? Chapter II is not providing a satisfactory answer to that question which is critical to quality.

There is another side of the computer equipment and software purchasing aspect of Chapter II that is worthy of note. Although Chapter II requires that each state's formula include some weighting factor for high-cost pupils such as poor, handicapped, limited English-speaking, etc., this weighting factor varies considerably from state to state.

According to a study by the Rand Coporation sponsored by the U.S. Department of Education, "The New Federalism in Education: State Responses to the 1981 Education Consolidation and Improvement Act," (February 1983) a sample of nine states showed a wide disparity in the application of the formula. The "high cost" adjustment effected only 12 percent of the Chapter II funds in one state while it effected 60 percent of the funds in another. Varying commitments among states to addressing the equity issue in disbursing block grant funds are evident.

School districts are investing a large share of their Chapter II dollars in computers, which creates a new problem not envisioned by the designers. In the headlong and sometimes ill-advised rush to meet the new technology, school districts are buying computers as fast as they can squeeze out the funds to do so. A question must be raised about whether school districts serving a greater number of needy children are afforded the same luxury. Poorer school districts must expend their funds elsewhere first and their students could be heading for a new disadvantage in contrast to their wealthier counterparts--that of computer illiteracy. A recent article in Washington Post (Monday, September 12, 1983) cited a study done for the National Science Foundation which found that youngsters in the nation's 1200 most affluent school districts are four times more likely than students in the 1200 poorest districts to have access to a computer. The Congressional Office of Technical Assessment said this past fall that "if the technologies are primarily designed for and made available to middle-class families, they could increase rather than diminish the gap between the educationally advantaged and disadvantaged."

5. Are the federal dollars used wisely?

Shortly after ECIA became law NEA affiliates were urged to seek appointment to the Governor's Advisory Committee and where appropriate to local advisory committees. NEA members and leaders are on the committees in 48 states. We keep in touch with them and their collective experience has been that parents and teachers are infrequently involved in the decision-making process around the distribution of funds. At the state level there have been frequent battles between the executive and legislative branches over the control of funding. The advisory committee in some states has not had a direct continuing role in the distribution of resources or in the evaluation of how resources are spent.

The Department of Education provides very little oversight of ECIA. With minimum guidance in the form of technical assistance, useful regulations, or policy clarification, it is practically impossible to monitor the effectiveness of programs. Major components of programs such as auditing, evaluation, compliance, and due process requirements are lost under the guise of creativity and flexibility.

Conclusion:

We are faced with a critical question: Has ECIA Chapter II improved educational excellence or equity at the local level in public elementary and secondary education?

With reduced funding, inadequate legislative deliberation, and confusion of purposes, programs designed to address equity concerns and those aimed at instructional improvement were lumped into the same box and both have suffered for it. ECIA has become a case study in how not to create a block grant. Further because the Chapter II program displaced ongoing programs rather than adding additional funding on top of them, some critical elements such as the Emergency School Aid program and teacher centers were virtually abandoned.

APPENDIX 1

Comparison of NEA Principles Against The Provisions/Intents of Block Grants

NEA Principles	Conflicts with Provisions and Intents of Block Grants
1. Consolidation or Block Grants should not be a a vehicle for reducing federal funds or budget cutting.	–Budgets were cut and funds reduced. –Coverage of reduced funds was extended to private schools –As a Block, future cuts can be made with a single action. As categorical aid, a series of actions which could be fought individually would have been possible. Block Grants are more vulnerable to cuts. –As states begin to pick up their share of the slack caused by reduced federal funds, further cut backs may occur when states are unable or unwilling to support programs/services within the Block.
2. Any consolidation should result in improved services to all persons included within the scope of categorical funding while protecting the minimum foundation currently in existence.	–Flexibility without mandated safeguards for those traditionally discriminated against can result in reduced programs and services for those already subjected to inequities. –One category of needy can be pitted against another in competition for scarcer resources. –One set of advocates for a special interest or need category can be pitted against another in competition for scarcer resources. –Necessary instructional programs or professional development programs might not survive the competition for scarcer resources.
3. Consolidation or Block Grants should continue to promote equality of educational opportunity and include safeguards ensuring that those intended to be served are actually served.	–Faith in the quality of decision-making and priority setting at the state/local level is the basis for rescinding mandates/requirements. –Monitoring, auditing, and accountability requirements are reduced to the point where the state/local levels are unclear as to how to proceed.
4. Consolidation or Block Grants should, by providing a sturdy foundation of federal dollars, encourage increased efforts by state/locals in increasing funding efforts: At a minimum, state/local maintenance of effort should be mandatory.	–Fiscal facts reveal that reduced revenues and dwindling surpluses at the state/local levels are problems. Surpluses are dwindling and many states are showing deficits. – Energy states that might be able to pick up slack may be unwilling to do so. –Block Grants offer a waiver of maintenance of effort.

APPENDIX 2

nea National Education Association • Regulatory Statement

EDUCATION BLOCK GRANTS

NEA Position

The National Education Association believes the program of education block grants, as established by the Education Consolidation Improvement Act of 1981 (ECIA), does not enhance the quality of education in the public schools; has resulted in a reduction of federal funding of education; and does not promote equality of educational opportunity. The block grant program of the Reagan Administration is a guise for minimizing the federal role in education and reducing federal aid to the public schools. The program adversely impacts state and local governments which are required to bear an increased financial burden because of federal cuts. Traditionally, consolidated programs have been vulnerable to budget cuts which impair the quality of education in the classroom.

Discussion

On July 31, 1981, Congress enacted the Education Consolidation and Improvement Act of 1981 (ECIA) as part of the Omnibus Budget Reconciliation Act. ECIA was enacted outside the committee structure—there were no hearings and no public comment. ECIA consolidates 28 educational programs into broad goal areas and reduces funding levels. Aside from the Administration's determination to consolidate programs and slash funding, little concern seems to have gone into the effect such changes would have on individual programs. The Association believes the quality and provision of programs and services must not be diminished by consolidation. Certain principles must be observed when evaluating proposals to consolidate programs or developing regulations governing implementation of block grants.

- Consolidation should not be a vehicle for reducing federal funds or budget cutting.
- Consolidation should result in improved services to all persons included within the scope of categorical funding while protecting the minimum foundation currently in existence.
- Consolidation should continue to promote equality of educational opportunity and include safeguards ensuring that those intended to be served are actually served.
- Consolidation should, by providing a sturdy foundation of federal dollars, encourage increased efforts by state/locals in increasing funding efforts. At a minimum, state/local maintenance of effort should be mandatory.

Proposed Regulations Governing Education Block Grants

On February 12, 1982, the Department of Education published proposed regulations implementing the education block grant program. The Association analyzed the Administration's proposal and submitted comments on April 13, 1982. Specific areas of concern are outlined below.

- The proposed regulations fail to demonstrate that the children will be served better under the education consolidation plan than under the antecedent categorial programs.
- There is no evidence of a commitment to ensure that children intended to be served by the legislation will, in fact, be served.
- Because the proposed regulations are so general and vague, funds authorized for the programs could be diverted to uses other than those intended by the law.
- The proposed regulations fail to differentiate the normal oversight role of a state board of education from that of an advisory committee for "active and continuing consultation" with the SEA. Additionally, the "representative" nature of the state advisory committee membership should be made more specific. Teachers should be included on the committees. The appointment of surrogates to serve in the place of teachers is to be discouraged.
- The Secretary should identify factors considered significant to the evaluation process and particularly germane to the Secretary of other federal officials.
- Compliance requirements relating to the use of federal funds for services to children in public schools should apply equally to services delivered to children in private schools. This includes maintenance of effort, supplement not supplant, nondiscrimination, etc.
- The proposed regulations fail to promote equality of educational opportunity, a prerequisite for quality education. By advancing due process procedures for private school children, a disparate situation results in a preferential status for children in private schools. Bypass funding is included for private school children. There is no provision for a complaint procedure through which individuals can seek resolution of problems.
- There is no definition of nonprofit private schools. Moreover, the proposals go considerably beyond existing court rulings on the separation of church and state.
- Applicable civil rights statutes and regulations are not included in the regulations, but rather incorporated by reference in the "Supplementary Information" section.

Conclusion

The National Education Association believes the education block grant program established by enactment of ECIA has very serious implications for the future of education. The safeguards, checks, and balances that once fortified categorical aid are no longer present by law and will only exist if teachers work with parents and the education community to provide them. The Association will work tirelessly to ensure that education block grants receive adequate funding to safeguard the right of all students to receive a quality education.

FEDERAL AID

Education Block Grants: How Are They Working?

The Reagan Administration's merger of 28 diverse federal aid-to-education programs into a single block grant to each state is shifting federal dollars from poorer states and school districts to wealthier ones, preliminary studies indicate.

The new education block grants took effect on October 1, 1982. Congress enacted them in 1981 as Chapter 2 of the Education Consolidation and Improvement Act (ECIA)—a key element in the Administration's plan to reduce the federal government's role in education.

Block grants account for only 10 percent of federal education spending, but the Administration hopes eventually to bring such major programs as impact aid, handicapped, vocational, bilingual, compensatory, and Indian education under the block grant umbrella too.

Chapter 2 of ECIA folds together funds for desegregation assistance, instructional materials, guidance counseling, teacher centers, basic skills, career education, and a score of other elementary and secondary programs into one annual lump-sum grant to every state. The amount of the grant is calculated strictly on the basis of a head count of the state's population of 5- to 17-year-olds.

A state must distribute at least 80 percent of its block grant to local districts, using its own weighted formula. The formula is worked out by state education officials with the help of a broad-based advisory committee and the final blessing of the U.S. Department of Education. The advisory committee, appointed by the governor, must include representatives of public and private school students, teachers, parents, school boards, administrators, and the legislature.

Exactly how each school district spends its share of the state block grant is left to its own discretion, within three broad categories ("basic skills development," "educational improvement and support services," and "special projects").

The block grants had a certain initial appeal as a way to reduce paperwork, eliminate districts' need for "grantsmanship," and increase local flexibility in responding to changing needs.

The reality, however, is proving to be something else again—as NEA warned Congress in lobbying to keep as many education programs as possible out of the block grant. Not only is total funding less than it was under the 28 categorical programs—$455 million, down from $512 million in 1981 and $733 million in 1980—but under many states' distribution formulas, this now smaller pie is being divided into such tiny pieces (less than $5,000 per district) that it does no one much good.

"We've always wanted a better state grasp on federal dollars," says Grand Forks, N. Dak., elementary teacher Ray Holmberg—a Republican state legislator and NEA activist. "But now that we've finally got it, the amount is nowhere near adequate for what we want to do."

State formulas for allocating the block grant among local districts must be weighted for children who cost more to educate—whether due to poverty, physical handicaps, lack of fluency in English, population sparsity, or other factors. But in this first year, states have allocated an average of 70 percent of their block grants on the basis of district enrollment figures alone.

Nor is a district that receives extra federal funds for "high cost" students under any obligation to *spend* the funds on those students.

The sketchy federal rules governing the education block grants are very strong on one point: school districts must share their grant "equitably" with local parochial and other private schools that express interest—regardless of need.

Hit hardest by the block grants have been the urban districts under court-ordered or voluntary desegregation plans. These districts, spread across 44 states, formerly relied on federal funding under the Emergency School Assistance Act (ESAA) to meet the costs of developing magnet schools and other alternatives to busing for integration (*see story below*).

Such funds totalled $148 million last year, making ESAA the second largest of all the programs folded into the block grant. But only six states have opted to include desegregation as one of the "high cost" factors entitling districts to extra block grant funds.

The block grants have brought another big change: while total program funding has been cut, the state share has actually *increased!* The block grant law allows each state education agency to "capture" up to 20 percent of the block grant, and most states are opting for their full share.

Despite its flaws and inequities, Chapter 2 at least requires (though it does not define) "systematic consultation" of local parents, teachers, and concerned citizens as school boards plan for block grant use. It's up to organized teachers to monitor this process and speak out if they aren't adequately involved.

NEA is attempting to monitor block grant implementation nationwide and needs your informal reports on what's happening in your school district. Where is the money going—and are you being given a meaningful voice in the decisions? NEA Intergovernmental Relations Manager Warlene Gary, 1201 Sixteenth Street, N.W., Washington, DC 20036, would like very much to hear from you.

Association members who want to have an impact on the next round of block grant decision-making at the district or state level should also consider taking NEA's new three-hour workshop, "Impact: Teachers and Public Policy," available through state affiliate Instruction and Professional Development staff contacts.

Who Wins? Who Loses?

Twenty-five states and the District of Columbia have lost significant amounts of federal education aid under the shift to block grants. Thirteen states have gained significantly. A dozen states are receiving within 5 percent of the amount they got before the shift. Within states, the federal funds are being spread thinner than ever before, with far less going to the large cities.

Gainers	Losers
Sparsely populated states with few high-cost students (Wyoming, Alaska, Nevada, Utah gain average of 19%)	States serving large numbers of poor and minority students (Mississippi, New Mexico, D.C., Louisiana, Georgia, Alabama lose average of 25%) . . . urban industrial states where poor children are concentrated in financially strapped cities (New Jersey, New York, Ohio lose average of 27%)
States that can most afford to support public education	States that can least afford to support public education
State education departments	Local school districts
Wealthier school districts and districts with no special needs	Poorer school districts and districts that formerly got aid for desegregation or other special needs
Small and medium-sized districts that rarely applied for categorical aid	Large districts with staffs skilled in the art of federal grantsmanship
Parochial and other private schools	Public schools in districts with a large number of private school students

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For an outstanding desegregation effort . . .

Block Grant Spells Disaster

Education program most hurt by the shift to block grants? School desegregation, beyond any question.

In Milwaukee, Buffalo, Rochester, Philadelphia, Detroit, Seattle, Cleveland, Delaware's New Castle County, and scores of other desegregating urban districts, the story's the same: loss of millions of dollars in federal aid for magnet schools and the other special programs designed as alternatives to busing.

"We've lost over 85 percent of the federal funds we had last year," says Phil Rumore, president of the Buffalo Teachers Federation, a 3,300-member NEA/New York Educators Association local. "The Reaganites don't like 'forced busing,' but they've made the alternative all but impossible. We've been sabotaged."

Buffalo's school superintendent, Eugene Reville, agrees: "This isn't a cut, this is an obliteration."

Buffalo's has been called one of the most successful school integration efforts in the nation. Under court order since 1976-77, the city used "emergency school aid" (ESAA) funds to set up "magnet" programs designed to lure middle class parents—Black and White alike—back to inner-city public schools.

This year's loss of federal aid has cost 120 Buffalo teachers their jobs—and another round of RIFs is likely this spring.

"The personalized instruction that attracted parents from all over the city to send their kids to our school is exactly what we've now had to cut back," says Sharon Manganello, BTF building delegate at the Academic Challenge Center, a magnet school that's lost five ESAA-funded positions as well as three others formerly funded under Title I.

Located in what had formerly been an all-Black school in the heart of the inner city, ACC specializes in reading and math. Its 950 pre-kindergarten through eighth grade students include both low and high achievers.

"We're down to just two remedial reading and two remedial math teachers," Manganello reports, "and we've had to assign priority grades for them to work with—3, 4, 6, and 7. If you're in another grade, forget it."

Reading enrichment teacher Renee Thompson works with students at Buffalo's Academic Challenge Center—a "magnet school" suffering a sharp drop in federal funds under the switch to block grants. Thompson, a 16-year teaching veteran, is one of the many Buffalo teachers who may be terminated this spring in a second round of RIFs.

Mr. **Weiss**. Thank you very much, Ms. Tarr-Whelan.

I really don't have any questions because I think your testimony speaks for itself. The point that has been recurring in the course of these hearings is the lack of accountability in the process, and you referred to it, too.

Given the experience that we've had with other programs where you had some auditing and monitoring programs in place, I just have a sense that, among other things, there may be a scandal just waiting to occur before we're through with this whole thing.

Ms. **Tarr-Whelan**. I wouldn't be surprised, Mr. Chairman. Many of the decisions seem to be made outside of the light of day, you might say.

Mr. **Weiss**. Thank you very much for your testimony and your patience.

Ms. **Tarr-Whelan**. Thank you very much.

Mr. **Weiss**. Our next witness is Mr. Greg Humphrey, of the American Federation of Teachers.

Mr. Humphrey.

STATEMENT OF GREGORY A. HUMPHREY, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS, AFL-CIO, ACCOMPANIED BY DAVID WILHELM, DIRECTOR OF RESEARCH, PUBLIC EMPLOYEE DEPARTMENT

Mr. **Humphrey**. Thank you, Mr. Chairman.

I am accompanied today by Mr. David Wilhelm, who is the director of research for the public employee department of the AFL-CIO, and he was responsible for overseeing the report that we've submitted to the committee. What I want to do is make a very brief opening statement and then turn the microphone over to Mr. Wilhelm to talk about the study that the public employee department did on the effects on chapter 1.

Mr. **Weiss**. We welcome both of you.

Mr. **Humphrey**. Thank you.

I am Greg Humphrey, representing the American Federation of Teachers, an organization of over 600,000 teachers and other school employees who are vitally concerned with Federal education programs.

The Omnibus Reconciliation Act of 1981, which established the block grant program, could be accurately described as exactly the wrong bill at the wrong time for our Nation's education system. At a time when we needed programs targeted to solve specific problems, a block grant was enacted to eliminate any possibility of targeting.

At exactly the time we needed improvement in teacher training, a block grant was passed that took the Federal Government entirely out of teacher training, and as the previous witness, Linda Tarr-Whelan, stated, virtually nothing has been done by State and local governments to pick up that slack.

It is clear that the wrong medicine was prescribed for our educational ills and that solving current problems will be much more difficult unless changes are made in the 1981 law.

The chapter 2 block grant has been a tremendous disappointment for most of our large cities. Previously, through the emergency school aid program, cities such as St. Louis and Chicago could look to a Federal program to help them through the problems of desegregation. Now, all that is offered is a program which provides much less money then was previously available spread out over more students with no specific help for their desegregation problems.

Cities such as New York, Buffalo, and Rochester have been cut off in the middle of emergency school aid grants with no warning and little sympathy from the Department of Education. The problems that they face still remain; the needs still exist, but the will to act on behalf of the Federal Government no longer seems to exist.

In the areas of teacher training, the news is even worse. Virtually all of the reports on education issued over the last 5 months have called for improvements in teacher preparation. The 1981 Reconciliation Act eliminated teacher corps and teacher center, the two programs which formed the core of Federal teacher training efforts. If teacher centers and teacher corps had been in place, it would not have been necessary to grapple with delivery mechanisms for inservice training and summer institutes, such as the ones that have been proposed under the math and science bill that passed the House earlier this year and is currently pending in the Senate.

But because these programs had been repealed, a whole new mechanism had to be established to accomplish inservice training and that mechanism is going to require ongoing amelioration of conflicts between two bureaucracies in the National Science Foundation and in the Department of Education and other places as well.

It's well to note that other block grants have been proposed by the Reagan administration in such vital areas as education of the handicapped, title I, and vocational education. While all these programs have suffered, as we shall see, from budget cuts, the three previously mentioned have survived as targeted programs able to meet their goals.

The Congress should require proof from the administration that changes in education programs are needed and will work to the benefit of the children who are served by these programs. It is plain that if these questions could have been considered before the enactment of the 1981 Reconciliation Act, we might well have avoided eliminating useful programs at just the time when they were going to be needed most.

At this point, I'd like to thank you for the opportunity to present this short statement and turn the microphone over to Mr. Wilhelm so that we can talk a little about the study that we've provided to the committee.

Thank you.

[The prepared statement of Mr. Humphrey follows:]

STATEMENT OF GREGORY A. HUMPHREY
DIRECTOR OF LEGISLATION
AMERICAN FEDERATION OF TEACHERS, AFL-CIO
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES
September 20, 1983

I am Gregory Humphrey representing the AFT, an organization of 600,000 members who are vitally concerned with federal education programs. The Omnibus Reconciliation Act of 1981 could be accurately described as exactly the wrong bill at the wrong time for our nation's education system. At a time when we needed programs targeted to solve specific problems, a block grant was enacted to eliminate any possibility of targeting. At exactly the time we needed improvements in teacher training, a block grant was passed that took the federal government out of teacher training entirely. It is clear that the wrong medicine was prescribed for our educational ills and that solving current problems will be much more difficult unless changes are made in the 1981 law.

The Chapter Two Block Grant has been a tremendous disappointment for most of our large cities. Previously through the Emergency School Aid program cities such as St. Louis and Chicago could look to a federal program to help them through the traumas of desegregation. Now all that is offered is a program which provides much less money than was previously available and no specific help for desegregation. Cities such as New York, Buffalo, and Rochester have been cut off in the middle of ESAA Grants, with no warning and little sympathy from the Department of Education. The problems remain, the need still exists, but the will to act no longer seems to exist.

In the areas of teacher training the news is even worse. Virtually all of the reports issued over the last five months have called for improvements in teacher preparation. The 1981 Reconciliation Act eliminated Teacher Corps and Teacher Center program which formed the basis of Federal Teacher Training efforts. If Teacher Centers and Teacher Corps had been in place, it would not have been necessary to grapple with delivery mechanisms for inservice training and summer institutes under the proposed math and science legislation. Because these programs had been repealed, a whole new mechanism had to be established to accomplish inservice training.

It is well to note that other block grants have been proposed by the Reagan Administration in such vital areas as education of the handicapped, Title I and vocational education. While all of these programs have suffered as we shall see from budget cuts, all have survived as targeted programs able to meet their goals.

The Congress should require proof from the Administration that changes in education programs are needed and will work to the benefit of the children who are served by these programs. It is plain that if these questions could have been considered before the enactment of the 1981 Reconciliation Act, we might have avoided eliminating useful programs just when they were most needed.

I would like to thank you for the opportunity to express our views.

opeiu#2/aflcio

Mr. **Weiss**. Fine. Mr. Wilhelm.

Mr. **Wilhelm**. Thank you for allowing me to speak today about our report which we call the three r's, which stands for Reagan, rhetoric, and reality.

This report was our response to recent attempts by the White House to rewrite recent history in Federal aid to education. They have claimed that there have been no cuts in Federal aid to education and we decided to look carefully at that claim by analyzing two programs, both of which we felt had a compelling national interest for Federal involvement; those two programs being the chapter 1 program and vocational and adult education.

We looked at funding levels for fiscal years 1982 through 1984 and we looked at program participation in the chapter 1 program. We looked at funding levels and program participation for all 50 States and we looked at funding levels for all 435 congressional districts.

When I say we, I should note that this report was done in conjunction with Fiscal Planning Services, Inc., a Washington, D.C., consulting group which specializes in the flow of Federal funds to State and local governments.

So what were our major fundings? I'll focus on the chapter 1 element of our study. First of all, President Reagan's budget request for chapter 1 have amounted to a 25-percent, 48-percent, and 26-percent reduction from fiscal year 1981 service levels in fiscal years 1982, 1983, and 1984, respectively.

If these requests had been approved by Congress, nearly 1.2 million fewer children would have been provided chapter 1 services in fiscal year 1982 than in fiscal year 1981; more than 2.5 million fewer students would have been provided these services in fiscal year 1983; and an additional 1 million would have been denied chapter 1 services in fiscal year 1984.

Fortunately, Congress did not go along with everything the President asked for, but even after congressional action, funding for chapter 1 programs was reduced by 19 percent in each of fiscal years 1982 and 1983 below the funding level required to maintain services at fiscal year 1981 levels. As a result—this is after congressional action—nearly 800,000 children were denied chapter 1 services in fiscal year 1982 and another 750,000 were removed from the program in fiscal year 1983.

Those are our major findings. So where'd we get the numbers; what do we mean by fiscal year 1981 service levels; how do we know how many children have been dropped from the program; and how did we break this data down to congressional district level? I think those are the key questions; therefore, I'd like to talk about our methodology a little bit.

Let's start with funding levels. I've prepared a handout which has at the top of it, "Public Employee Department AFL–CIO." It's on our letterhead and the first page says "Funding Levels for Chapter 1/Local Educational Agencies."

For each of the 50 States, and for each of the 435 congressional districts, we have looked at three different funding levels. We've looked at something we call the "Current Services Funding Level," the funding level consistent with Reagan's budget request for each of the fiscal years, and that funding level which Congress actually appropriated.

The latter two funding categories, the Reagan request and the congressional appropriation, are readily available from various Federal sources; we did not have to calculate those. We just took them from the Congress and from the Education Department. The current services estimate is the only number we had to calculate.

What that estimate represents is the answer to the question: How much money would it take to provide the same level of service to the same number of people as was provided before President Reagan took office? The point is that you have to take inflation into account, and the impact of inflation on program costs must be factored in to really get a feel for what the President's budget request means.

To calculate current services levels, you have to determine what your base year is going to be and you have to determine what your inflation factor should be. What we've used for our base year is the last appropriations before President Reagan took office. So we used the fiscal year 1981 appropriation for chapter 1 by the 96th Congress before the rescission for 1981 was enacted, after President Reagan was elected to office.

As our inflation factor, we have used the implicit price deflator for purchases of goods and services by State and local governments since chapter 1 is part of the purchases of State and local governments. Since the program is forward-funded, we've based our price deflators on the program years, rather than the Federal fiscal years.

Now, it's important to realize in using this inflation factor, our estimates reflect the impact of recent reductions in the rate of inflation. We are doing this retrospectively. We know that there has been some improvement in inflation in this country and our numbers already reflect that improvement.

So, what is a budget cut, then? A budget cut is the difference between that amount that would be required to maintain services to the same number of people at the same level over time and what the President actually recommended, or what the Congress actually provided. Let's go back to this funding level chart on the front page. The base—the prerescission base for 1981 for the LEA program was $2.968 billion. That's our base. And the question is, then, what amount in 1982 would be required to maintain the same number of people at the same level of service?

What we did was multiply the base by 1.0663, 6.63 percent being the rate of increase in the deflator for State and local government purchases, and we obtained 3.164 billion as the current services amount. President Reagan's request for that year was $2.374 billion, which amounted to a 25 percent reduction below current services.

We went through a similar procedure for both 1983 and 1984. President Reagan's request in 1983 amounted to nearly 50-percent reduction; it would have cut the program in half had it been enacted into law.

Congress restored much of that money and we wound up with a slightly over 18-percent reduction. So that's what we're talking about when we're talking about funding levels. The important concept is the current services concept.

The second major part of the study is our attempt to estimate the number of participants that have been dropped from the program as a result of these cuts. The key thing to keep in mind here is the assumption about the amount of money spent per pupil.

If you will turn the page to the second page in this handout, entitled "Assumption about Spending per Pupil," you can see the various assumptions the Education Department has used and the various assumptions that we have used for spending per pupil in the chapter 1 LEA program.

The reason why "per pupil" is key is that if you know what the spending level is and you know what the amount of money spent per pupil is, then you divide the one by the other to find out how many participants there are in the program.

The Education Department, in 1981, prerescission, when Jimmy Carter was still in office—or his final budget—estimated that the per-pupil expenditure in the LEA program was $536. President Reagan, in 1981, the Education Department under President Reagan, estimated that the per-pupil expenditure was $552.

In 1982, the Education Department came up with a wide array of different estimates for per-pupil funding in the chapter 1 program. They began with $577 in the last Carter budget. In October 1981, they estimated $500 to $552. It was $476—that should read "Reagan, February 1982," and there was an additional estimate for per-pupil expenditure in February 1983 by the Education Department of $525.

In fiscal year 1983, there have been several estimates, ranging from $400 to $565. For fiscal year 1984, they had a range of estimates from $465 to $565. Juxtaposed against that, you can see our estimates of per-pupil expenditures in the Chapter 1 program.

We have been relatively consistent. We've said $545 for each of fiscal years 1981 through 1983, and for fiscal year 1984, we increased that to $575. You can compare that to what a current services funding level would have been on a per-pupil basis.

So what we've said is, OK, when faced with the budget cuts, schools have done two things: They've cut back on the per-pupil expenditure in real terms; and they've also reduced participants.

Now, if you would skip over to the last page of this handout, it's significant to note that most of our estimates about drops in participation have been confirmed by the Education Department's own estimates over the years. We have certainly fallen in the boundaries that they've set for their own estimates.

The 1981 rescission reduced the number of program participants, according to the Education Department's own figures, by 979,000 children. We actually estimated that it reduced it less than that, by more than 800,000, 834,000. According to the Education Department, President Reagan's budget request for fiscal year 1982 would have cut the number of program participants by more than 1 million children. That's according to the Education Department's own estimates.

We similarly estimated that it would cut the number of participants by more than a million below the 1981 level. The actual appropriation for fiscal year 1982 led to a reduction in the number of program participants of nearly 650,000, according to the Education Department. We estimated that to be 750,000.

You can read through this, but the record shows—and these estimates come from Education Department's paper called "Justification of Budget Estimates for Fiscal Years 1982, 1983, 1984," that their own estimates show that there have been dramatic reductions in the number of students served by this program. That stands to reason when there have been dramatic reductions below the amount of money needed to maintain the number of people at the same level of service.

How did we break this information down to the State and congressional district level? The State level was relatively easy because we had data from the Education Department about the number of eligible children, and about State spending per enrolled student. What you do is multiply the number of eligible children by State spending per enrolled student to get the maximum authorization. That allows us to calculate State's shares, which are then applied to the various funding levels.

To get the congressional district allocations, we had information about the county allocations; they were available from the Education Department. We developed a model to find what factors, what variables best explained differences in the county shares within a State. We found that those were—as the formula would suggest—that families in 1979 below the poverty level with children 5 to 17 years of age and total school enrollment.

So the consulting firm that did the work for us, Fiscal Planning Services, Inc., had the census data for each of the congressional districts in this country on tape and simply ran this model and produced the estimates.

One final thing to note about our estimates is that they are based on where children live rather than the school districts themselves because that's the way census data has been taken. That's our study. I think the numbers speak for themselves.

I'd be glad to take any questions.

Mr. **Weiss**. I thank you very much. I guess I really have only one question. Would you know whether, in fact, these cutbacks in Federal funding have been compensated for at the local or State level?

Mr. **Wilhelm**. I've done no study of that; however, it's clear that the combination of the recession causing severe cutbacks in revenue collected by State and local governments from their own revenue sources, combined with reductions across the board in State and Federal assistance to State and local governments have put States in no position to take on additional responsibility.

Mr. **Humphrey**. Mr. Chairman?

Mr. **Weiss**. Yes.

Mr. **Humphrey**. If I could speak to that, I don't have data on that, either, but it is a fact that less than half of the States in the Union have a compensatory education program. This title I program is designed to specifically aid disadvantaged children and most States do not pass their assistane out on the basis of disadvantaged children; they do it on enrollment or attendance or some other factor, possibly with some weighted figures in there.

But the opportunity to take up the slack that's left here would require a great political turnover in the States in order for them to reorient their aid systems to pick up specifically the children that title I helps. Title I was put on the books by the Congress because the children that it serves were traditionally not helped by existing State aid programs.

Mr. **Wilhelm**. One other point in that regard is that whereas many Federal aid to education programs represent 10 percent or less of total Federal and State spending in that specific area, in chapter 1, the Federal amount represents more than 70 percent of combined Federal and State spending, so it is the great part—it's by far the majority of all funding in compensatory reading and math programs.

Mr. **Weiss**. I'm going to ask, without objection, that the executive summary, as well as the handout that you have, "The Public Employee Department of AFL-CIO," the summary that you've addressed in the course of your testimony, be entered into the record.

[The information follows:]

The three R's

THE THREE R'S
(REAGAN, RHETORIC, AND REALITY)

> "I've answered a few questions here with some things that I said were facts and figures. Don't let me get away with it. Check me out. And do that with everyone who tries to bring a message to you. Don't become a sucker generation. It isn't insulting or anything. Just make sure always that you're being told the truth."
>
> President Reagan
> Speech before the National Association
> of Student Councils
> Shawnee, Kansas
> June 29, 1983

EXECUTIVE SUMMARY
AUGUST 25, 1983

AMERICAN FEDERATION OF LABOR
PUBLIC EMPLOYEE DEPARTMENT
CONGRESS OF INDUSTRIAL ORGANIZATIONS

I. Introduction

Just in time for the 1984 campaign, Ronald Reagan has discovered education. Barnstorming across the country, the President has embraced the "Back to Basics" theme of the report of the National Commission on Excellence in Education with a fervor he once reserved for his "New Federalism" initiative.

But this crusade is a cover-up. It is designed to shift public attention away from his own abysmal record in the area of federal aid to education toward areas where he can speak with more openness and candor — areas in which the federal government plays no formal role, such as teacher pay, the length of the school day, and graduation requirements for high school students. In these areas, the President can speak without regard for the financial implications of what he advocates. Thus, as he has travelled across the country, the rhetoric has flown fast and furious. A newcomer to the political scene could easily be forgiven for thinking that this President is a true champion of the American public education system.

But the reality is something else altogether. For every time the President has been required to state his own priorities for federal spending — with the annual submission of his federal budget to Congress — the major federal education programs were among the first to be placed on the chopping block.

The purpose of this study is to refocus public attention on the reality of President Reagan's record on federal support of education. To do this, we have selected two of the largest federal aid programs — Vocational and Adult Education and Chapter 1/Educationally Deprived Children — and analyzed the impact that his budgets have had in these areas on a state-by-state, and congressional district-by-congressional district basis. This sort of hard data, we believe, will permit voters — and the Congressmen and Congresswomen who represent them — to see past the rhetorical flourishes of recent months to the reality of the past three years — and what that has meant for their communities. For hundreds of thousands of American children, Ronald Reagan's new-found interest in education comes far too late.

II. Has the President Really Cut Federal Spending on Education?

Rhetoric

> "...Mr. Reagan was asked by another student about the Administration's commitment to public education, given his proposals for the tuition tax credits and 'cutbacks in Federal funding for education.'
>
> "Mr. Reagan said there had been 'no such thing as a budget cut,' but rather a cut in the rate of increase. Giving a national figure for education spending by all levels of government, he continued: 'This year it'll be a total spent on education of $116.9 billion. That's 7 percent more than last year, and that's double what was spent just 10 years ago on education.' " (emphasis added)

"Reagan Denies Fund Cutbacks for Education"
Associated Press
May 23, 1983

> "The facts are, the federal budget for education in 1980 was $14.8 billion. In 1981, which was still not our budget, it was $14.8 billion. Our first appropriation, the one for 1982, held the level for education at $14.8 billion, the same as in 1981. This year, we'll spend about $15.3 billion."

President Ronald Reagan
Radio Address
June 25, 1983

Reality

President Reagan maintains that federal aid to education has not been cut during his administration. But, President Reagan is correct in only the most narrow of senses — in fact he is correct in a sense so narrow that it is fundamentally misleading

First, he fails to take into account the effect of inflation on program costs. Obviously, it costs more to provide the same level of service to the same number of people year after year. Therefore, the proper basis of comparison for the funding levels he has proposed are not the funding levels that existed in the past, but rather those funding levels required today to provide the same level of service to the same number of people as was provided in the past. Only in this way, can the full impact of his budget changes be gauged.

Therefore, we have calculated for federal fiscal years 1982, 1983, and 1984, the funding levels that would have been and would be necessary to maintain the level of service to the number of program participants that existed prior to the adoption of the first Reagan budget (which was the FFY 1982 budget). Our base for calculating these "current services" funding levels, then, is the level of service that existed in FFY 1981.

The true budget cut that the Reagan budget request represents in any given fiscal year represents the difference between his budget request and the "current services" level for that fiscal year.

Second, President Reagan, by referring to "our first appropriations" rather than his initial budget request, implicitly takes credit for the money that Congress restored to these programs — against his wishes. Funding cuts for both Vocational and Adult Education and the Chapter 1 programs would have been far worse had Congress not acted as it did. As it was, these cuts were bad enough. But credit should be given where credit is due, and the extent to which final Congressional action diverged from the President's intentions should be underscored.

Once inflation is accounted for, and once Congressional action is isolated from the President's initial request, the conclusion that President Reagan's term in office has brought about severe cutbacks in major federal education programs is inescapable. In the process, he has denied hundreds of thousands of disadvantaged children the opportunity to receive special assistance in the development of their math and reading skills.

For the purposes of this report, we have looked specifically at two federal education programs: 1) Chapter 1, and 2) Vocational and Adult Education. We chose these two programs because we felt there could be no doubt that they serve to further goals that are truly national in scope, and they are, therefore, properly the object of federal assistance. Yet they have been particularly hard hit by the Reagan cutbacks. Our major findings include:

— President Reagan's budget requests for Chapter 1 have amounted to a 25%, 48%, and 26% reduction from FY 1981 service levels in fiscal years 1982, 1983, and 1984, respectively.

— If these requests had been approved by Congress, nearly 1.2 million fewer children would have been provided Chapter 1 services in FY 1982 than in FY 1981, more than 2.5 million fewer would have been provided these services in FY 1983, and an additional 1 million would be denied these services in FY 1984.

— In FY 1982, Congress restored 25% of what the President sought to cut from Chapter 1, retaining nearly 390,000 children in the program who otherwise would have been forced to leave. In FY 1983, Congress restored a full 62% of the President's proposed budget cut, allowing more than 1.7 million children to remain in the program. In FY 1984, the funding proposal backed by the American Federation of Teachers would add back more than two-thirds of President Reagan's budget cut, allowing 900,000 children to retain program services.

- Even after Congressional action, however, funding for Chapter 1 programs was reduced by 19% in each of fiscal years 1982 and 1983 below the level required to maintain services at FY 1981 levels. As a result, nearly 800,000 children were denied Chapter 1 service in FY 1982, and another 750,000 were removed from the program in FY 1983. Despite the fact that the AFT's current proposal for FY 1984 represents a significant improvement over the FY 1983 funding level, it would fall about 8% short of maintaining FY 1981 service levels. If adopted, 90,000 fewer children would participate in the program next year than in FY 1981.

In the area of vocational and adult education, the Reagan budgets have been even more harsh:

- President Reagan requested a cut of 25% in FY 1982, 49% in FY 1983, and 53% in FY 1984 below the level required to maintain FY 1981 levels in those fiscal years.
- Congress, which granted the President 89% of what he wanted in FY 1982, stiffened somewhat in FY 1983, agreeing to 39% of his proposed cutback for that year.
- As a result, the net budget cut in vocational and adult education for FYs 1982 and 1983 amounted to a 22% and 19% reduction from current services levels, respectively.

III. Does Federal Aid to Education Cause Declining Scores on Standardized Tests?

Rhetoric

> "It's time to face the truth. Advocates of more and more government interference in education have had ample time to make their case and they've failed.

> "Look at the record. Federal spending on education soared eightfold in the last 20 years, rising much faster than inflation. But during the same period, scholastic aptitude test scores went down, down and down."
>
> President Ronald Reagan
> Radio Address
> March 20, 1983

> "We created the greatest public school system the world has ever seen, and then have let it deteriorate...I think you can make a case that it began to deteriorate when the Federal Government started interfering in education."
>
> President Ronald Reagan
> News Conference
> May 17, 1983

Reality

The notion that federal aid to education is somehow responsible for all that ails our nation's schools is a recurrent theme of the President. The reasoning behind this belief takes two basic forms: 1) federal aid to education has grown dramatically at the same time that scores on standardized tests have dropped dramatically, and 2) the federal funds come with onerous regulatory burdens attached. We find both arguments curious.

If scores on standardized tests varied only with the level of federal aid to education, ther scores today would be no lower than they were 15 years ago. The reason: once you adjust federal spending on elementary, secondary, and vocational education for inflation, outlays in 1982 were actually lower than they were in 1967. Nearly all of the growth in this area occurred in the mid-1960s with the initial implementation of major Great Society programs, such as the Elementary and Secondary Education Act of 1965. Since then, in real terms, federal funding has remained relatively static. (see Appendix)

Looked at another way — as a share of the total federal budget — outlays on elementary, secondary, and vocational education programs have dropped from 1.7% in 1967 to 0.9% in 1982. Or — as a percentage of total spending on education by state and local governments — federal outlays in this area actually peaked in 1967.

Thus, the data belie the widely held belief that federal spending in this area has escalated wildly in recent years. The President's constant use of the year 1960 as the one to which he compares today's spending levels is more than slightly disingenuous. It ignores a period of time in this country when we as a people vastly expanded our view of the proper role of the federal government in the enforcement of civil rights.

The regulations, moreover, so disparaged by the President were designed with the goal of ensuring that federal educational assistance goes to those the President has called the "truly needy." Clearly — in other program areas, such as food stamps, or aid for dependent children — the President has championed the adoption of regulations with similar objectives. If this regulatory goal is proper in the case of these income-support programs, why shouldn't it be proper in the case of programs like Chapter 1 as well?

But, if the President really believes that federal aid is the root of our public education problems, then he is ranging far afield from the conclusions of the National Commission on Excellence in Education.

Federal education programs have absolutely nothing to do with the central problems identified by the Commission. The federal government has nothing to say about the level of teacher pay; it does not regulate the length of the school year, the amount of homework assigned, or the kinds of courses the average student is required to take. If problems exist in these areas, they are a result of a series of decisions made over the years by state and local governments.

The federal role is, instead, limited to those areas where a compelling national interest requires that the ability to provide a particular service not hinge on the fiscal capacity or will of a given community. Such is the case, for instance, with special federal programs designed to ensure equal educational opportunity for handicapped or disadvantaged children. Similarly, the need for the development of skills suited to a rapidly changing workplace, or the retraining of workers displaced by the introduction of new technology, warrants federal intervention.

All Americans presumably benefit from the enforcement of civil rights laws, and an economy where job skills match job opportunities, regardless of where they live. But, by and large, the average student is unaffected by federal "intrusion" in these areas. The dismantling of these federal programs will, then, leave the average student largely unaffected as well. Much can be lost — and nothing gained — by the sort of radical reduction in federal assistance advocated by the President.

IV. Who Will Pay for the Education Reforms Advocated by the President?

Rhetoric

> "Now I appointed a Commission to study and bring back a report on what we felt was a decline in education in our schools.
>
> "They brought back a masterful report. And in that report there is very little suggestion for more money. What they're talking about can be corrected without money. It takes some leadership. It takes some return to basics. It takes having students that now have to learn what they're supposed to learn in a class before they're moved on to the next class..." (emphasis added)
>
> President Ronald Reagan
> News Conference/The White House
> May 17, 1983

Reality

Far-reaching reforms, such as the introduction of master teacher programs or the extension of the school day and school year, are expensive propositions. According to Denis Doyle of the American Enterprise Institute, moving to a 7-hour day, an 11-month year, and a more attractive pay structure would cost at least $13.5 billion.

The critical question is not whether more money is needed, but who will pay? President Reagan offers absolutely no guidance in this area, except to rule out the possibility of any new federal aid. Does he think that the money should come from business — which benefits so clearly from the existence of a skilled labor force from which to recruit? Does he think that it should come from the wealthy, who have already benefitted disproportionately from his tax program? Or should it come from workers — most of whom have already seen their combined federal, state, and local tax load go up during Reagan's term in office?

State and local governments are hardly in any position to take on a new financial responsibility of the magnitude implied by the package of reforms supported by the President. Total federal aid to state and local governments has been cut by nearly $50 billion during the FY 1982 to FY 1984 period. Repeated revenue shortfalls brought about by the recession have frustrated the planning efforts of governors and state legislators alike. The combination of these two factors has triggered personal income tax hikes in 11 states, sales tax increases in 14 states, and motor fuels tax increases in 16 states just in 1983 alone. Local property taxes — the backbone of school finance — increased 13.7% in 1982, more than three times the rate of increase of any other major state and local tax.

As long as the President is silent on the question of where the money to finance his education reforms will come from, he forfeits much of his credibility on this issue. And as long as he calls for continued cuts in both aid to education specifically — and aid to state and local governments generally — his policies will remain part of the education problem in this country, not part of the solution. Perhaps the President would have local governments obtain the funds for increased education spending the same way he has obtained the funds required to finance his military build-up — by even greater deficits and even greater amounts of government borrowing.

V. Does Federal Aid to Education Promote Economic Growth?

Rhetoric

> "If America's industries hope to compete and win in world markets, they must have at their hearts a broadly educated workforce trained in the skills of the 21st Century.
>
> "America has no higher stake than in the quality of your education, the sharpness of your skills and your opportunity to use them both in well-paying jobs. I've come here today to reaffirm my personal commitment."

President Ronald Reagan
Speech before the Vocational Industrial Clubs
of America Leadership Conference
Louisville, Kentucky
June 29, 1983

Reality

Although President Reagan pays lip service to the idea that vocational training may very well be in the national interest, the personal commitment of which he speaks never quite gets translated into a federal commitment. In fact, after proposing cuts in vocational and adult education totaling in excess of $1.26 billion over the last 3 years, even the extent of his personal commitment might be subject to review.

But then President Reagan has based his political career on the contention that government spending and private economic growth are somehow competing and contradictory objectives. His line of reasoning is that money taken out of private hands is bound to be squandered.

This limited view of the role of government ignores the complementary nature of public and private investment. Perhaps nowhere is this more true than in the case of the two programs we have chosen to analyze in this report. In an economy changing as rapidly as our own, with the need to develop skills that match the needs of growing businesses, the need for an effective and well-financed system of vocational and adult education seems obvious. With unemployment among low-income inner-city youths running at all-time record highs, the benefits of compensatory reading and math programs for the disadvantaged seem self-evident. By cutting these programs as sharply as he has done, President Reagan risks jeopardizing our prospects for long-term economic growth, and revitalization of our cities.

Although the President has turned his back on federal programs designed to assist in the development of human capital, he has bent over backwards to provide the "incentives" necessary to create an environment suitable to the development of physical capital. No tax break is too small or too large for the President when it comes to fostering business investment in machinery or structures. The accelerated depreciation provisions of the Economic Recovery Tax Act of 1981 will cost the federal government more than $115 billion over the next five years. Yet federal spending on education, training, employment, and social services, adjusted for inflation, is slated to decline by 26% over approximately the same time period. We believe that the President's priorities should be reversed.

VI. Is Education A Political Football?

Rhetoric

> "Send a message to Washington, D.C., and make it loud and clear. Tell them you want the basics back in your schools and the parents back in charge. Tell them that education must never become a political football because your children come first."
>
> President Ronald Reagan
> Speech before the 87th Annual Convention of the National Parents and Teachers Associations
> Albuquerque, New Mexico
> June 15, 1983

Reality

> "As an issue, education has taken off like wildfire," according to White House communication strategist David Gergen. The issue has great appeal to women and Roman Catholics, two constituencies Reagan is courting for the 1984 election, he added.
>
> Associated Press
> June 20, 1983

> "...the most recent (1982) Gallup Poll of Public Attitudes Toward the Public Schools holds that education is 'extremely' important to one's future success and that public education should be the top priority for additional federal funding. Education occupied first place among 12 funding categories considered in the survey ... with 55 percent selecting public education as one of their first 3 choices."
>
> Report of the National Commission on Excellence in Education
> April 1983

President Reagan and his advisers can read the polls. And the polls say that Americans are concerned about the state of their public education system. When asked which issues will be most important in next year's presidential campaign, the respondents to a recent (June 27) *Newsweek* survey ranked "the quality of public education" second only to "unemployment." But by a 45 to 32% margin these same respondents disapprove of "the way Ronald Reagan is dealing with the problems of education." And few Americans share his view of the value of federal aid to education.

Survey results like these spell political trouble. Knowing this, the White House has launched a preemptive strike - attempting to corner the market on educational "reform" before the President's potential opponents are able to draw attention to his own lackluster performance.

If education has become a political football, it's because the President has made it one. He has kicked off the debate, and we do not intend to sit idly by on the sidelines. It's not by mistake that we have chosen to break down the impact of the President's budget request by Congressional District. Our goal is to demonstrate - on as localized a basis as possible - the reality of the President's record. Only with complete information, can voters make informed judgments next year. Only when armed with this sort of data, will voters be able to separate rhetoric from reality.

opeiu2aflcio

PROGRAM: Chapter 1

FEDERAL FISCAL YEAR 1982
($ in thousands)

	President Reagan's Budget Proposal		Congressional Action		Net, after Congressional Action	
States	$ Loss	Number of Children Denied Program Services	$ Restored	Number of Children Retained in Program	$ Loss	Number of Children Denied Program Services
Alabama	18064	25646	2474	5827	15590	19819
Alaska	1913	1413	632	552	1281	861
Arizona	10518	19949	3537	8631	6981	11318
Arkansas	11297	4542	1523	1655	9774	2887
California	80034	138517	13276	27154	66758	111363
Colorado	7272	1726	823	589	6449	1137
Connecticut	9444	18514	3334	8892	6110	9622
Delaware	2393	3087	562	1109	1831	1978
District of Columbia	3782	2824	466	615	3316	2209
Florida	36385	53946	12439	24969	23946	28977
Georgia	22139	33047	4249	9659	17890	23388
Hawaii	1338	1532	(356)	(499)	1694	2031
Idaho	3951	7555	1670	4056	2281	3499
Illinois	47934	56771	19076	2882	28858	27889
Indiana	11707	25994	3099	10024	8608	15970
Iowa	6913	8929	1148	2384	5765	6545
Kansas	5130	8010	339	987	4791	7023
Kentucky	14936	16365	2147	(2267)	12789	18632
Louisiana	22894	32027	4019	7738	18875	24289
Maine	3969	7062	1055	2487	2914	4575
Maryland	10418	9657	189	952	10229	8705
Massachusetts	21371	25108	7617	11891	13754	13217
Michigan	24951	25125	(98)	2464	25049	22661
Minnesota	9841	13954	1394	3481	8447	10473
Mississippi	17425	23144	2133	5273	15292	17871
Missouri	13818	21500	2344	5901	11474	15599
Montana	2617	2792	497	864	2120	1928
Nebraska	3302	4879	(29)	353	3331	4526
Nevada	2454	2907	1231	1748	1223	1159
New Hampshire	1938	2909	855	1599	1083	1310
New Jersey	32623	52919	14760	29830	17863	23089
New Mexico	6716	7403	1155	2081	5561	5322
New York	93105	99163	34172	46989	58933	52174
North Carolina	23333	29347	3837	6906	19496	22441
North Dakota	1615	2473	(91)	1009	1706	1464
Ohio	28433	36785	8472	15211	19961	21574
Oklahoma	8919	14592	818	2908	8101	11684

PROGRAM: Chapter 1

FEDERAL FISCAL YEAR 1982
($ in thousands)

	President Reagan's Budget Proposal		Congressional Action		Net, after Congressional Action	
States	$ Loss	Number of Children Denied Program Services	$ Restored	Number of Children Retained in Program	$ Loss	Number of Children Denied Program Services
Oregon	8521	13032	2117	4785	6404	8247
Pennsylvania	34832	58518	7325	19147	27507	39371
Rhode Island	2104	2609	15	194	2089	2415
South Carolina	13515	17192	1591	3683	11924	13509
South Dakota	2870	3636	772	1376	2098	2260
Tennessee	16111	26432	1900	5613	14211	20819
Texas	67693	113503	15747	39404	51946	74099
Utah	2754	4716	643	1578	2111	3138
Vermont	1218	2093	197	578	1021	1515
Virginia	17863	27743	4369	9893	13494	17850
Washington	14106	17260	4313	6751	9793	10509
West Virginia	7374	7561	928	1664	6446	5897
Wisconsin	9322	10957	(193)	662	9515	10295
Wyoming	1188	1204	266	435	922	769
Puerto Rico	24290	38607	1798	6098	22492	32509
Other	2120	2738	(253)	(266)	2373	3004
U.S. TOTAL	877006	1190914	215449	328583	661557	806415

PROGRAM: Chapter 1 FEDERAL FISCAL YEAR 1983

($ in thousands)

	President Reagan's Budget Proposal		Congressional Action		Net, after Congressional Action	
States	$ Less	Number of Children Denied Program Services	$ Restored	Number of Children Retained in Program	$ Less	Number of Children Denied Program Services
Alabama	27278	36343	18707	29456	8571	6852
Alaska	3464	2762	2114	1899	1350	863
Arizona	25397	49759	16503	36505	8894	13254
Arkansas	18273	78251	11791	1778	6482	76473
California	205403	382701	124612	260578	80791	122123
Colorado	17110	3170	9959	2088	7151	1082
Connecticut	21524	39699	14034	28823	7490	10876
Delaware	5683	7374	3515	5197	2168	2177
District of Columbia	5732	3972	3880	3204	1852	768
Florida	93971	112975	50025	81297	43946	31678
Georgia	42905	62587	24262	39793	18643	22794
Hawaii	5329	7339	3219	4945	2110	2394
Idaho	12809	13631	4733	9948	8076	3683
Illinois	93811	106234	60747	76478	33064	29756
Indiana	24529	53091	14990	36411	9539	16680
Iowa	14079	14940	6397	3878	7682	6062
Kansas	10978	13671	5649	10146	5329	3525
Kentucky	22613	30413	15999	25880	6614	4533
Louisiana	37184	51330	237[illegible]	38324	13468	13006
Maine	8399	16485	5053	11675	3346	4810
Maryland	28239	27377	16339	18080	26600	9297
Massachusetts	46918	53037	30408	38341	16510	14696
Michigan	55179	53990	28854	32197	26325	21793
Minnesota	38681	24950	29674	15073	9007	9877
Mississippi	26203	31742	17988	23909	8215	5833
Missouri	24145	35456	14683	24590	9466	10866
Montana	4953	5082	2677	3228	2276	1854
Nebraska	7892	11695	4313	7177	3579	4518
Nevada	3681	4601	2368	3428	1313	1173
New Hampshire	4747	7008	3284	8757	1463	1661
New Jersey	67587	103957	46464	77561	21123	26396
New Mexico	15667	16740	9331	11217	6336	5523
New York	201571	208185	131392	150929	70179	57256
North Carolina	35880	41316	21025	30203	14855	11113
North Dakota	2748	2513	1711	1946	1037	567
Ohio	65512	83714	41892	59724	23620	23990
Oklahoma	16717	26937	8742	15973	7975	10964

PROGRAM: Chapter 1 FEDERAL FISCAL YEAR 1983

($ in thousands)

	President Reagan's Budget Proposal		Congressional Action		Net, after Congressional Action	
States	$ Loss	Number of Children Denied Program Services	$ Restored	Number of Children Retained in Program	$ Loss	Number of Children Denied Program Services
Oregon	18994	28641	11579	19911	7415	8730
Pennsylvania	86823	147002	54769	102913	32054	44089
Rhode Island	6369	8459	3860	5730	2509	2729
South Carolina	20814	24432	13933	19377	6881	5055
South Dakota	4508	5362	2903	3947	1605	1415
Tennessee	29498	46455	15429	27120	14069	19335
Texas	127335	218812	71836	145543	55499	73269
Utah	6357	10694	3920	7345	2437	3349
Vermont	3525	6101	2245	4221	1280	1880
Virginia	29539	43195	18195	30663	11344	12532
Washington	24723	32079	14268	21693	10455	10386
West Virginia	12584	12261	7812	8758	4772	3503
Wisconsin	23911	29053	13480	18437	10431	10616
Wyoming	2211	1994	1257	1274	954	720
Puerto Rico	69983	116431	42829	79741	27154	36690
Other	5756	8038	3673	5834	2083	2204
U.S. TOTAL	1790533	2486687	1100794	1730853	689739	755834

PROGRAM: Chapter 1 FEDERAL FISCAL YEAR 1984

($ in thousands)

	President Reagan's Budget Proposal		Congressional Action		Net, after Congressional Action	
States	$ Loss	Number of Children Denied Program Services	$ Restored	Number of Children Retained in Program	$ Loss	Number of Children Denied Program Services
Alabama	18310	17481	10816	12990	7494	4491
Alaska	1908	1320	788	793	1120	527
Arizona	14090	18478	11511	19228	2579	(750)
Arkansas	12650	8956	5762	8542	6888	414
California	137566	165598	110200	174013	27366	(8415)
Colorado	10254	3076	7077	3094	3177	(18)
Connecticut	10802	8948	8379	9521	2423	(573)
Delaware	3154	2608	2473	2817	681	(209)
District of Columbia	3873	1907	3063	2135	810	(228)
Florida	44029	47176	32897	46385	11132	791
Georgia	24707	24578	15192	19191	9515	5387
Hawaii	2594	2208	2027	2414	567	(206)
Idaho	4917	6708	3972	6992	945	(284)
Illinois	41703	29011	29879	27939	11824	1072
Indiana	12306	16770	8948	16509	3358	261
Iowa	7140	5884	3877	5837	3263	2047
Kansas	6505	7128	2572	2746	3933	4382
Kentucky	17391	11003	10495	13516	6896	(2513)
Louisiana	25930	26392	12365	14214	13565	12178
Maine	5658	7230	4197	6837	1461	393
Maryland	14925	9026	10250	8685	4675	341
Massachusetts	23418	16580	17763	16783	5655	(203)
Michigan	35369	25157	26371	25362	8998	(205)
Minnesota	11436	10563	6629	7600	4807	2963
Mississippi	18574	16770	7292	6746	11282	10024
Missouri	14703	14653	9060	11369	5643	3284
Montana	3013	2171	1760	1614	1253	557
Nebraska	4604	4525	1913	1869	2691	2656
Nevada	1893	1762	1318	1670	575	92
New Hampshire	1845	1610	1306	1527	539	83
New Jersey	28753	26133	21827	27148	6926	(1015)
New Mexico	9046	7133	6464	7253	2582	(120)
New York	89016	56393	66601	61416	22415	(5023)
North Carolina	25567	24556	10948	12588	14619	11968
North Dakota	2228	1745	297	314	1931	1431
Ohio	30106	24457	22236	24736	7870	(279)
Oklahoma	10874	12106	7275	10494	3599	1612

PROGRAM: Chapter 1

FEDERAL FISCAL YEAR 1984
($ IN THOUSANDS)

	President Reagan's Budget Proposal		Congressional Action		Net, after Congressional Action	
States	$ Loss	Number of Children Denied Program Services	$ Restored	Number of Children Retained in Program	$ Loss	Number of Children Denied Program Services
Oregon	12168	12033	9520	12389	2648	(356)
Pennsylvania	40868	42188	29737	41566	11131	622
Rhode Island	3091	2546	2223	2476	868	70
South Carolina	14003	11799	5749	5122	8254	6677
South Dakota	2525	1961	1133	945	1392	1016
Tennessee	17621	18453	9727	12294	7894	6159
Texas	97572	125480	69611	113079	27961	12401
Utah	3303	3513	2605	3821	698	(308)
Vermont	1726	1860	1170	1621	556	239
Virginia	16684	15806	7591	8054	9093	7752
Washington	17490	16687	13518	16810	3972	(123)
West Virginia	7741	5174	3177	2169	4564	3005
Wisconsin	13515	10981	8888	9353	4627	1628
Wyoming	1381	985	707	643	674	342
Puerto Rico	34630	37828	27119	40929	7511	(3101)
Other	2647	1907	1524	1452	1123	455
U.S. TOTAL	1031544	967404	710952	875648	320592	91756

PROGRAM: VOCATIONAL & ADULT EDUCATION   FEDERAL FISCAL YEAR 1982
($ IN THOUSANDS)

STATES	PRESIDENT REAGAN'S BUDGET PROPOSAL $ Loss	CONGRESSIONAL ACTION $ Restored	NET, AFTER CONGRESSIONAL ACTION $ Loss
Alabama	4840	636	4204
Alaska	193	(190)	383
Arizona	3559	1091	2468
Arkansas	2842	428	2414
California	24896	8493	16403
Colorado	2552	143	2409
Connecticut	2075	(271)	2346
Delaware	426	(156)	582
District of Columbia	1357	475	882
Florida	11546	3443	8103
Georgia	7414	1745	5669
Hawaii	826	(14)	840
Idaho	887	(52)	939
Illinois	10276	999	9277
Indiana	5370	215	5155
Iowa	1957	(641)	2598
Kansas	1260	(763)	2023
Kentucky	4633	661	3972
Louisiana	3719	401	3318
Maine	1088	(97)	1185
Maryland	3452	(122)	3574
Massachusetts	5438	431	5007
Michigan	7589	(373)	7962
Minnesota	3115	(482)	3597
Mississippi	2998	209	2789
Missouri	4870	210	4660
Montana	577	(106)	683
Nebraska	987	(444)	1431
Nevada	867	238	629
New Hampshire	949	57	892
New Jersey	6260	470	5790
New Mexico	1517	137	1380
New York	18638	3818	14820
North Carolina	7586	1274	6312
North Dakota	417	(343)	760
Ohio	8925	(718)	9643
Oklahoma	2709	(106)	2815

PROGRAM: VOCATIONAL & ADULT EDUCATION FEDERAL FISCAL YEAR 1982

($ IN THOUSANDS)

STATES	PRESIDENT REAGAN'S BUDGET PROPOSAL $ Loss	CONGRESSIONAL ACTION $ Restored	NET, AFTER CONGRESSIONAL ACTION $ Loss
Oregon	2253	60	2193
Pennsylvania	10482	(233)	10715
Rhode Island	608	(362)	970
South Carolina	4329	825	3504
South Dakota	517	(309)	826
Tennessee	5802	933	4809
Texas	15871	3048	12823
Utah	1861	391	1470
Vermont	497	(144)	611
Virginia	5130	137	4993
Washington	3425	198	3227
West Virginia	1909	(118)	2027
Wisconsin	4120	(208)	4328
Wyoming	246	(195)	441
Puerto Rico	4468	902	3566
Other	808	(9)	817
U.S TOTAL	231835	25729	206106

PROGRAM: Vocational & Adult Education FEDERAL FISCAL YEAR 1983

($ in thousands)

States	President Reagan's Budget Proposal $ Loss	Congressional Action $ Restored	Net, After Congressional Action $ Loss
Alabama	9713	6050	3663
Alaska	974	665	309
Arizona	5605	3498	2107
Arkansas	5457	3354	2103
California	39543	17996	21547
Colorado	5441	3370	2071
Connecticut	5503	3436	2067
Delaware	1399	889	515
District of Columbia	1658	1126	532
Florida	17885	10914	6971
Georgia	13249	8318	4931
Hawaii	1957	1228	729
Idaho	2195	1377	818
Illinois	21804	13631	8173
Indiana	12048	7503	4545
Iowa	6200	3923	2277
Kansas	4867	3096	1771
Kentucky	9413	5938	3475
Louisiana	10476	6690	3786
Maine	2767	1726	1041
Maryland	8224	5095	3129
Massachusetts	11560	7234	4326
Michigan	18728	11640	7088
Minnesota	8531	5400	3131
Mississippi	6264	3828	2436
Missouri	11071	6945	4126
Montana	1900	870	1030
Nebraska	3486	2225	1261
Nevada	1430	878	552
New Hampshire	2079	1308	771
New Jersey	13037	7997	5040
New Mexico	3256	2057	1199
New York	33573	20697	12876
North Carolina	14877	9366	5511
North Dakota	1767	1151	616
Ohio	22374	13900	8474
Oklahoma	6575	4158	2417

PROGRAM: Vocational & Adult Education FEDERAL FISCAL YEAR 1983

($ in thousands)

States	President Reagan's Budget Proposal $ Loss	Congressional Action $ Restored	Net, After Congressional Action $ Loss
Oregon	6354	2963	1937
Pennsylvania	24496	15112	9384
Rhode Island	2323	1469	854
South Carolina	8150	5106	3044
South Dakota	1938	1083	855
Tennessee	11168	6952	4216
Texas	28879	18914	10965
Utah	3585	2313	1272
Vermont	1421	909	512
Virginia	11593	7245	4348
Washington	7284	4465	2819
West Virginia	4727	2934	1793
Wisconsin	10288	6487	3801
Wyoming	1028	664	364
Puerto Rico	7735	4630	3105
Other	2145	1346	799
U.S. TOTAL	479541	292065	187476

PROGRAM: VOCATIONAL & ADULT EDUCATION

FEDERAL FISCAL YEAR 1984

($ IN THOUSANDS)

STATES	PRESIDENT REAGAN'S BUDGET PROPOSAL	CONGRESSIONAL ACTION	NET, AFTER CONGRESSIONAL ACTIO
	$ Loss	$ Restored	$ Loss
Alabama	11129	8596	2533
Alaska	1085	866	219
Arizona	6448	5001	1447
Arkansas	6267	4810	1457
California	45576	26989	18587
Colorado	5263	4837	1426
Connecticut	6262	4827	1435
Delaware	1592	1232	360
District of Columbia	1838	1467	371
Florida	20645	15841	4804
Georgia	15163	11756	3407
Hawaii	2237	1731	506
Idaho	2514	1948	566
Illinois	24911	19234	5677
Indiana	13815	10672	3143
Iowa	7076	5499	1577
Kansas	5541	4315	1226
Kentucky	10748	8341	2407
Louisiana	11936	9316	2620
Maine	3169	2448	721
Maryland	9425	7252	2173
Massachusetts	13229	10234	2995
Michigan	21464	16559	4905
Minnesota	9743	7581	2162
Mississippi	7210	5528	1682
Missouri	12650	9791	2859
Montana	2169	1332	837
Nebraska	3967	3094	873
Nevada	1640	1259	381
New Hampshire	2374	1839	535
New Jersey	14942	11431	3511
New Mexico	3726	2899	827
New York	38449	29492	8957
North Carolina	17006	13194	3812
North Dakota	1992	1562	430
Ohio	25643	19775	5868
Oklahoma	7506	5832	1674

348

PROGRAM: Vocational & Adult Education . FEDERAL FISCAL YEAR 1984

($ in thousands)

States	President Reagan's Budget Proposal $ Loss	Congressional Action $ Restored	Net, After Congressional Action $ Loss
Oregon	5666	4328	1338
Pennsylvania	28089	21578	6511
Rhode Island	2637	2083	597
South Carolina	9336	7230	2106
South Dakota	2181	1383	798
Tennessee	12833	9889	2944
Texas	34138	26569	7569
Utah	4091	3218	873
Vermont	1213	1256	(43)
Virginia	13271	10262	3009
Washington	8397	6453	1944
West Virginia	5410	4165	1245
Wisconsin	11764	9138	2826
Wyoming	1160	905	255
Puerto Rico	8949	6797	2152
Other	2361	1743	618
U.S. TOTAL	549201	415330	133871

CHAPTER 1

DOLLAR LOSS PER SCHOOL AGE CHILD

(Net, after Congressional action, for FFYs 1982 & 1983 combined)

(1) District of Columbia	52.20	(26) Michigan	27.14
(2) Idaho	48.40	(27) Montana	27.14
(3) Maryland	44.74	(28) Pennsylvania	26.89
(4) Mississippi	40.81	(29) South Dakota	26.64
(5) New Mexico	40.19	(30) Rhode Island	26.42
(6) New York	38.69	(31) Oklahoma	25.80
(7) Florida	38.21	(32) Kentucky	25.60
(8) Delaware	34.47	(33) Washington	25.06
(9) Arkansas	34.44	(34) Iowa	23.59
(10) Louisiana	34.01	(35) Virginia	23.48
(11) Texas	33.58	(36) Colorado	23.37
(12) California	32.27	(37) Connecticut	23.01
(13) Georgia	30.70	(38) Vermont	22.56
(14) Tennessee	30.44	(39) Kansas	22.39
(15) Alabama	29.18	(40) Nebraska	22.22
(16) North Carolina	28.63	(41) Missouri	22.04
(17) Massachusetts	28.44	(42) Minnesota	21.52
(18) West Virginia	28.11	(43) Wisconsin	20.95
(19) South Carolina	27.86	(44) North Dakota	20.47
(20) Arizona	27.75	(45) Ohio	20.15
(21) Alaska	27.69	(46) Hawaii	19.61
(22) Oregon	27.47	(47) Wyoming	17.87
(23) Maine	27.46	(48) Indiana	16.13
(24) Illinois	27.44	(49) Nevada	15.46
(25) New Jersey	27.32	(50) New Hampshire	13.54
		(51) Utah	12.13

VOCATIONAL & ADULT EDUCATION
DOLLAR LOSS PER 1000 POPULATION

(Net, after Congressional action, for
FFYs 1982 & 1983 combined)

(1) South Dakota	2432.71	(26) Nebraska	1697.35
(2) District of Columbia	2240.89	(27) Pennsylvania	1693.97
(3) Vermont	2176.36	(28) Ohio	1678.90
(4) Montana	2138.58	(29) Iowa	1678.14
(5) North Dakota	2053.73	(30) Michigan	1652.21
(6) Mississippi	2048.22	(31) Oklahoma	1646.84
(7) South Carolina	2044.33	(32) Nevada	1639.05
(8) Kentucky	2030.81	(33) Louisiana	1628.61
(9) Alabama	1995.18	(34) Minnesota	1627.87
(10) Arkansas	1971.63	(35) Massachusetts	1614.43
(11) Maine	1964.69	(36) Wyoming	1603.57
(12) North Carolina	1964.28	(37) Arizona	1599.65
(13) West Virginia	1960.97	(38) Alaska	1579.91
(14) Tennessee	1940.44	(39) Hawaii	1578.47
(15) Rhode Island	1903.97	(40) Kansas	1575.58
(16) New Mexico	1897.72	(41) Maryland	1571.86
(17) Georgia	1879.77	(42) New York	1568.38
(18) Delaware	1822.26	(43) Oregon	1559.08
(19) Idaho	1820.72	(44) Texas	1556.81
(20) Missouri	1774.59	(45) California	1534.95
(21) Indiana	1772.98	(46) Illinois	1524.28
(22) Utah	1764.48	(47) Colorado	1471.26
(23) New Hampshire	1748.67	(48) New Jersey	1456.04
(24) Wisconsin	1705.98	(49) Florida	1447.20
(25) Virginia	1701.15	(50) Washington	1424.26
		(51) Connecticut	1399.62

REAL FEDERAL OUTLAYS ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

Dollars in millions
Federal fiscal years

1960	634.64	1972	3962.00
1961	644.74	1973	3541.37
1962	664.21	1974	3276.85
1963	792.52	1975	3683.92
1964	831.39	1976	3543.90
1965	1044.91	1977	3625.85
1966	2527.36	1978	3780.08
1967	3401.21	1979	4092.52
1968	3464.99	1980	3773.54
1969	3143.21	1981	3609.20
1970	3397.48	1982	3277.26
1971	3691.28		

Source: Office of Management and Budget, The Budget of the United States Government for various fiscal years. (Budget outlays have been divided by the GNP deflator, 1972= 1.00)

Fiscal Years	Federal outlays on elementary, secondary, and vocational education as a percent of total federal outlays	Total federal outlays on education as a percent of total federal outlays
1960	0.5	1.0
1961	0.5	1.0
1962	0.4	1.0
1963	0.5	1.2
1964	0.5	1.2
1965	0.7	1.4
1966	1.4	2.0
1967	1.7	2.6
1968	1.6	2.5
1969	1.5	2.3
1970	1.6	2.6
1971	1.7	2.6
1972	1.7	2.6
1973	1.5	2.4
1974	1.4	2.2
1975	1.4	2.3
1976	1.3	2.2
1977	1.3	2.3
1978	1.3	2.3
1979	1.4	2.5
1980	1.2	2.4
1981	1.1	2.3
1982	0.9	2.0

Source: Office of Management and Budget, Budget of the United States Government for various fiscal years.

Real (Inflation-Adjusted) Spending Changes Between FY 1982 and FY 1986 Proposed by President Reagan in his FY 1984 Budget

Rank	Budget Function	Percent Increase/Decrease
1	National Defense	+41.8
2	Health	+21.9
3	Net Interest	+19.1
4	General Government	+8.2
5	Transportation	+7.9
6	International Affairs	+5.7
7	Income Security	+3.2
8	Administration of Justice	-2.0
9	Veterans Benefits and Services	-6.7
10	Social Services	-7.9
11	General Purpose Fiscal Assistance	-9.0
12	General Science, Space and Technology	-9.3
13	Community and Regional Development	-22.4
14	Education, Training, Employment, and Other Labor	-28.6
15	National Resources and Environment	-44.9
16	Agriculture	-47.8
17	Energy	-51.0

Source: Office of Management & Budget, Budget of the United States Government, Fiscal Year 1984.

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KENNETH T. BLAYLOCK
President

JOHN F. LEYDEN
Executive Director

ALBERT SHANKER
Treasurer

FUNDING LEVELS
($ in thousands)

Chapter 1/LEA

	Current Services	Reagan Request	Actual
FY 1981 Base=2968000			
FY 1982 x 1.0663	3164459	2374160	2562753
FY 1983 x 1.0552	3339137	1726256	2727588
FY 1984 x 1.0559	3525794	2729939	

	Current Services	Reagan Request	% Change
FY 1982	3164459	2374160	- 24.9
FY 1983	3339137	1726256	- 48.3
FY 1984	3525794	2729939	- 22.6

	Current Services	ACTUAL ~~Reagan Request~~	% Change
FY 1982	3164459	2562753	- 19.0
FY 1983	3339137	2727588	- 18.3

ASSUMPTION ABOUT SPENDING PER PUPIL

CHAPTER 1/LEA

	EDUCATION DEPARTMENT	PED/AFL-CIO	
		ACTUAL	CURRENT SERVICES
FY 1981	$536.44 (Carter 2/81) $552 (Reagan 10/81)	$545.35	$545.35
FY 1982	$577 (Carter 2/81) $500-$552 (Reagan 10/81) $476 (Reagan 10/81) $525 (Reagan 2/83)	$545.35	$581.50
FY 1983	$400 (Reagan 2/82) $465-565 (Reagan 2/83) ′	$545.35	$613.61
FY 1984	$465-$565 (Reagan 2/23)	$575.45	$647.91

EDUCATION DEPARTMENT ESTIMATES SPENDING PER PUPIL

CHAPTER 1/LEA

UNDER CARTER	UNDER REAGAN
$536.44	$552
$577	$500-$552
	$465-$565
	$476
	$400

COMPARISON OF PED/AFL-CIO AND EDUCATION DEPARTMENT ESTIMATES OF FUNDING LEVELS AND PROGRAM PARTICIPATION

CHAPTER 1/LEA

FFY 1981

Pre-Recession (pre-Reagan base)

	PED/AFL-CIO	EDUCATION DEPARTMENT/CARTER
Approp (000s)	2968000	2967022
Participants	5441826	5531000
$ per pupil	$545.35	$536.44

Actual

	PED/AFL-CIO	EDUCATION DEPARTMENT/REAGAN
Approp (000s)	2512614	2512614
Participants	4607342	4552000
$ per pupil	$545.35	$552

FFY 1982

Reagan budget request

	PED/AFL-CIO	EDUCATION DEPARTMENT
Approp (000s)	2374160	2374160
Participants	4353461	4100000-4520000
$ per pupil	$545.35	$500-552

Actual

	PED/AFL-CIO	EDUCATION DEPARTMENT
Approp (000s)	2562753	2562753
Participants	4699281	4.5 - 5.5 million
$ per pupil	$545.35	$525

FFY 1983

Reagan budget request

	PED/AFL-CIO	EDUCATION DEPARTMENT
Approp (000s)	1726256	1726256
Participants	3165409	4315600
$ per pupil	$545.35	$400

Actual

	PED/AFL-CIO	EDUCATION DEPARTMENT
Approp (000s)	2727588	2562753
Participants	4699281	4.5 - 5.5 million
$ per pupil	$545.35	$465-565

FFY 1984

Reagan budget request

	PED/AFL-CIO	EDUCATION DEPARTMENT
Approp (000s)	2729939	2729939
Participants	4744007	4.8 - 5.9 million
$ per pupil	$575.45	$465-565

opeiu2aflcio

ESTIMATES OF PROGRAM PARTICIPANTS

Education Department

Chapter 1/LEA

	Participants	Change - Year Ago	Change since 1981 -pre-Reagan
FY 1980 (actual)	5649100		
FY 1981 (pre-rescission)	5531000	- 118000	-
FY 1981 (actual)	4552000	-1097100	- 979000
FY 1982 (Reagan request)	4520000[1]	- 32000	-1011000
FY 1982 (actual)	4881434[1]	+ 329434	- 649566
FY 1983 (Reagan request)	4315600	- 565834	-1215400
FY 1983 (actual)	4881434[1]	0	- 649566
FY 1984 (Reagan request)	5199883[1]	+ 318449	- 331117

[1] Assumes per pupil expenditures of $525

PED/AFL-CIO

Chapter 1/LEA

FY 1980 (actual)	5649100	-	-
FY 1981 (pre-rescission)	5441826	- 207274	
FY 1981 (actual)	4607342	-1041758	- 834484
FY 1982 (Reagan request)	4353461	- 253881	-1088365
FY 1982 (actual)	4699281	+ 91939	- 742545
FY 1983 (Reagan request)	3165409	-1533872	-2276417
FY 1983 (actual)	4699281	-	- 742545
FY 1984 (Reagan request)	4744007	+ 44726	697819

Comparison of Edcuation Department (ED) and PED/AFL-CIO Estimates of Program Participation in Chapter 1/LEA

(1) The 1981 rescission reduced the number of program participants by 979,000 according to the ED; by 834,484 according to the PED.

(2) President Reagan's budget request for FY 1982 would have cut the number of program participants by 1,011,000 according to ED estimates; by 1,088,365 according to the PED.

(3) The actual appropriation for FY 1982 led to a reduction in the number of program participants of 649,566 according to the ED; of 742,545 according to the PED.

(4) President Reagan's budget request for FY 1983 would have led to a drop in participants of 1,215,400 below the pre-rescission FY 1981 level; according to PED, this request would have caused a drop of 2,276,417 participants. The ED's estimate is based on the assumption that per pupil expenditures in the LEA program would fall to $400, an assumption that was changed the following year.

(5) The actual FY 1983 appropriation resulted in a cut of 649,566 program participants according to ED; of 742,545 participants according to the PED.

(6) The President's budget request for FY 1984, though more reasonable, still would result in a reduction of 331,117 program participants below pre-recission FY 1981 levels, according to ED; of 697,819 participants according to the PED.

Mr. WEISS. The study itself is not rhetorically or ideologically based. These are just relatively cold-blooded estimates or replications of the figures.

I note that the introductory page on the executive summary—I don't know if you have it in the full study—I guess not—quotes President Reagan in his speech before the National Association of Student Councils, in which he said:

> I've answered a few questions here with some things that I said were facts and figures. Don't let me get away with it. Check me out. And do that with everyone who tries to bring a message to you. Don't become a sucker generation. It isn't insulting or anything. Just make sure that always that you're being told the truth.

I gather that you put that in because that's the theme of this particular study?

Mr. WILHELM. That's correct. Check out the President. Check out the facts.

Mr. WEISS. Right.

Mr. WILHELM. Let's find out really what the record is over the last 3 years. Has he been the friend of education that he claims to be, or when it comes to his actual budgets, where has he placed the emphasis? What has the record of the last 3 years been? How many students have been dropped from programs like chapter 1 as a result and what, by congressional district and by State-by-State, what is the impact? That's what we're trying to show.

Mr. WEISS. Mr. Coffman.

Mr. COFFMAN. Thank you, Mr. Chairman.

The first question—and I'm not a mathematician so bear with me—can you explain again how you estimate current services, that column called "Current Services"?

Mr. WILHELM. OK. Again, if we could go back to the front——

Mr. COFFMAN. Front page.

Mr. WILHELM [continuing]. Page here. Current Services—our current services estimates reflects the attempt to answer the question: What is the amount of money that's needed to maintain the same level of service to the same number of people as existed before President Reagan took office? So, to calculate a current services estimate, you need to do two things: You need to determine what your base is, what's your base year; and you need to determine what your inflation factor should be.

So what we said our base year would be is the last appropriations enacted by Congress for this program before President Reagan took office.

Mr. COFFMAN. That's fine. Let me just explore that with you. You got to the point that I wanted to get to.

What would happen—what's the logical extension of that going backward? Suppose you make the same chart and use 1975? Is that feasible? Mathematically, it seems to be.

Mr. WILHELM. It certainly is.

Mr. COFFMAN. How far back can we go doing that year by year? It seems to me we can go back to 1965?

Mr. WILHELM. You could go back to the beginning of the ——

Mr. COFFMAN. I'd be interested to know what you—off the top of your head—what you think this would show if you used your base year as the first or second year of chapter 1 or title I.

Mr. HUMPHREY. I could add something here. If you look to the law prior to the 1981 Reconciliation Act, you'll find that it didn't have a cap. The title I program was authorized to be appropriated on the basis of calculating the number of children eligible times a per pupil expenditure which was capped at 120 percent of the national average times 40 percent. That would give you a figure.

There was no overall ceiling that said you could not appropriate more than a certain amount for title I. You could go right up to that full amount which the Congress said what was needed.

In 1981, an extremely artificial and restrictive ceiling was placed on by the Omnibus Reconciliation Act of $3.48 billion. It is impossible under that reconciliation ceiling to even approach the level of funding—I think a previous witness estimated $4.5 billion—necessary to restore it simply to the 1980 level.

The fact is that during the Carter administration, from 1977 to 1981, a massive catchup was played to the point where title I, from being, I think, somewhere around $2.2 billion in the last year of the Ford administration, went all the way up to $3.8, and that pretty well adjusted it for inflation. The process under the Reagan administration has been to eliminate that inflation adjustment.

Mr. COFFMAN. I'm not sure that answered my question. I'd be curious to know what your gut feeling is about this chart if you use a base year—let's pick an arbitrary year.

Mr. WILHELM. Go back all the way.

Mr. COFFMAN. 1969.

Mr. WILHELM. Where would the apex be when funding would have——

Mr. COFFMAN. Well, I'm curious about what we're going to end up with in the current services column.

Mr. WILHELM. Well, I can't answer that because I haven't looked at it, but what——

Mr. **Coffman**. Would you see it——

Mr. **Wilhelm**. Off the top of my head, I would think that the——

Mr. **Humphrey**. Excuse me; you couldn't do it that way because the formula has been changed three times since 1965. They changed the basis for calculating who is eligible for services three times since 1965.

Mr. **Coffman**. It's convenient, however, that you can make the comparison from 1981. What I'm getting to is whether or not this current——

Mr. **Humphrey**. We could make the same estimate from 1975, if you wanted, and the results would be pretty much——

Mr. **Coffman**. Would you be willing to do that for the record if the chairman agrees? We could go back—I would like to go back to the beginning of the program. I'm not sure that——

Mr. **Humphrey**. In 1974, there was a major change in the formula.

Mr. **Coffman**. Exactly.

Mr. **Humphrey**. In 1978, there was a somewhat minor change. You could do it from 1975 on, the point at which the formula changed, because that would give you a basis. It's a fairly accurate calculation for what's current law.

Mr. **Coffman**. Current services is being used here in a very succinct manner by the gentleman on your right. He has what seems to be a rather general and definitive definition of current services. It seems to me that it can be used whether the formula's changed or not. Is that correct?

Mr. **Wilhelm**. We've picked a specific point in time as our base year. Our point is to analyze what the impact of the Reagan budget cuts have been, therefore, we picked the point in time just before President Reagan took office.

Sure, you could pick any year——

Mr. **Coffman**. Would you tell the gentleman that you can—I think you're saying that you can go back. That's all I'm trying to establish. I want to see how valid your concept of current services estimate is.

Mr. **Humphrey**. I know something about the title I formula, and I know that in 1974, there was almost a doubling of the number of kids eligible because of the change in the formula. They went from having a low-income factor and the number of kids on AFDC payments over that low-income factor—it was 2,000 and those above 2,000—to the Orshansky nonfarm family of four, which had the effect of literally doubling the number of children eligible for title I services.

What I'm saying is that you could compare it from the point on and have a fairly accurate representation, but if you try and do it before that, there is no accurate comparison that can be made. They're different kids in different places.

Mr. **Weiss**. For your purposes, what would be wrong with doing it from 1975 forward?

Mr. **Coffman**. I would appreciate that, but I'd like to see whether or not the current services theory or estimate that this gentleman refers to is something that we can carry all the way back.

Mr. **Wilhelm**. Sir, if your position was we should go back to the pre-1974 law, and you wanted to say, OK, if that's my position and

I want to know what the current services estimate today would be—if we wanted to go back to pre-1974, you could do that, if that's your position.

Mr. COFFMAN. That's all I'm trying to establish and I think he agrees with me that it can be done.

Mr. WEISS. Assuming that you had the same kind of coverage for all of those years for the same people.

Mr. WILHELM. Sure, you'd be talking about a law that didn't exist any more. Your position would have to be——

Mr. WEISS. I just think that that gives you the kind of vague, speculative response that doesn't really prove anything, whereas if you go back to the point where the law was basically the same, then at least you've got something that's a fairly valid comparison.

Mr. COFFMAN. Well, I will take whatever the chairman will let me have.

Mr. WEISS. I would like you if you can do it within your budgetary allocations—to give us an equivalent for from 1975 through 1980.

Mr. WILHELM. OK, I can't break it down by Sate; I can't break it down——

Mr. WEISS. Right, but overall, as you have it on the front page.

Mr. WILHELM. OK.

[The information follows:]

Chapter 1 / Local Education Agencies

1975 Base = $1,625,432,879

Fiscal Year	Current Services	Actual
1976	$1,729,948,213	$1,721,130,372
77	$1,848,117,183	$1,926,726,831
78	$2,049,183,231	$2,355,707,527
79	$2,298,524,634	$2,629,533,157
80	$2,547,540,951	$2,633,326,343
81	$2,725,525,852	$2,512,614,124
82	$2,853,609,962	$2,562,753,163
83	$3,011,129,232	$2,727,567,568
84	$3,179,451,356	——

Mr. COFFMAN. I have only one other question and it's very short. I would ask this of Mr. Humphrey.

The last paragraph on page 13—I'll ask it of both gentlemen—of "The Three R's." Do you regard that—would you characterize that—is it unfair to characterize it as a political threat?

Mr. **Humphrey**. I'll have to read it.

Mr. **Wilhelm**. Is this in the summary or in the——

Mr. **Coffman**. This document.

Mr. **Wilhelm**. You mean the title itself?

Mr. **Coffman**. Page 13, last full paragraph. I wonder if it's fair or unfair to characterize that as a blatant political threat.

Mr. **Humphrey**. I don't see how it is.

Mr. **Coffman**. Thank you.

Thank you, Mr. Chairman.

Mr. **Weiss**. Thank you, Mr. Coffman.

Mr. Humphrey, thank you very much.

Mr. **Humphrey**. Thank you.

Mr. **Weiss**. Our next panel is composed of Dr. Michael Knapp, Stanford Research Institute; Dr. Robert Dentler, University of Massachusetts; Dr Richard Jung, Advanced Technology, Inc.; and some of their associates. If you'll take your seats at the witness table, we have your prepared statements, which will be entered in the record in their entirety, and if you would try to summarize your statements with no more than 10 minutes each, that would be helpful.

Dr. Knapp.

STATEMENT OF DR. MICHAEL S. KNAPP, EDUCATIONAL SOCIOLOGIST, SOCIAL SCIENCES CENTER, SRI INTERNATIONAL

Dr. **Knapp**. I am Dr. Knapp from SRI International, an independent, private research firm.

Mr. Chairman and members of the Subcommittee on Intergovernmental Relations and Human Resources, present or absent, we at SRI International, and others who assisted with the research I will be reporting on, appreciate the opportunity to help you review what is known about educational block grants authorized by chapters 1 and 2 of the Education Consolidation and Improvement Act of 1981, ECIA.

The study on which my remarks are based was performed in response to the congressional mandate included in the 1978 reauthorization of the Elementary and Secondary Education Act, ESEA. At that time, Congress called for a series of studies that would provide comprehensive information on the way Federal funds supporting education were spent and what they accomplished at the State and local levels.

These studies were to provide, in effect, a baseline, a point of reference for future developments in Federal policy such as the block grants under consideration today.

The findings of this research are thus appropriate to the topic of this hearing. So, Mr. Chairman, and committee members, I bring to you the results of research that you or your colleagues so prudently requested 5 years ago.

The study I will summarize completed earlier this year investigated the cumulative effects of Federal education policies at the local level. By cumulative, we mean effects that accumulate across time since the passage of ESEA in 1965, across programs—that is, by adding to or interacting with one another or with existing local programs—and across levels of government from Federal to State to local.

Our study assessed the effects of policies in place prior to chapter 1 and 2 of the ECIA, and our research thus provides an overview of the way it was that sets a context for the comments of the other researchers on this panel and suggests principles underlying the effects of other Federal policies on the Nation's districts and schools.

I have appended to this testimony the summary and full reports of that research.

Mr. WEISS. Without objection, that will be entered into the record.

Dr. KNAPP. Our study addressed the following central concern: What difference did the full array of Federal education programs and policies make to schools and districts? Specifically, how have these policies affected, first of all, the instructional program for targeted students and others; second, the organization and administration of schools and districts; and third, the local decisionmaking process?

We concentrated our attention on those policies that comprised the bulk of the Federal role as it was then construed, that is, programs that target resources to particular categories of students—the disadvantaged, the handicapped, the limited English-proficient, for example--and associated civil rights mandates, such as section 504 of the Rehabilitation Act of 1973 or title VI of the Civil Rights Act of 1964.

We also paid limited attention to discretionary programs such as the Emergency School Aid Act, ESAA, and in this way, we included within our scope, programs that were antecedent to both of the block grants under review today: ECIA chapter 1, formerly title I, and chapter 2, that consolidated ESAA and other programs into a multipurpose grant to States and districts.

We derived insights into the effects of these policies through intensive case studies in 20 school districts and within those school districts, 80 elementary and secondary schools, which we visited in the 1981-82 school year.

We selected districts of varying size, different numbers and mix of students, and different numbers and mixes of programs present. Districts were located in eight States that represented the diversity of regional educational demographic factors most likely to influence the implementation of Federal policies.

We interviewed approximately 900 people within these districts from all vantage points: teachers, board members, principals, district administrators, and others such as counselors and parent advisory committee members.

Let me just summarize briefly the three major conclusions of this study. The first is that Federal and related State programs and policies for special needs groups have substantially expanded and improved the educational services for targeted children. By and large, Federal categorical aid reached the intended districts and schools and was translated into identifiable instructional services that were judged appropriate for these children by local educational professionals, regular classroom teachers and principals, as well as the special teachers.

These educators were using as their baseline what the children would have received without the Federal programs; in general terms, what they were getting prior to Federal assistance. In a classroom of 25 to 30 students, for example, many of these targeted children could not have profited from the instruction the regular classroom teacher could provide.

The Federal policy tools, acting together over time, apparently had a major role in bringing this about. Federal goal statements drew attention to an area of educational need that helped to mobilize the local supporters of the law's purpose; funds paid for a very large share of the special services to target students; and also bought compliance in the sense that local personnel complied with rules, feeling that this is what Washington expected in exchange for its money. Requirements and guidelines communicated what types of local practices were or were not acceptable and the specific practices developed to comply with the requirements varied among States and districts because they reflected varying interpretations developed by administrators at those levels. Finally, sanctions strongly reinforced the effects of the other policy tools. The prospect of a visit from auditors, let alone an audit exception, does exert power leverage on local behavior.

Our second conclusion: The price paid for these particular student benefits has increased complexity and inefficiency. Schools now house more differentiated and specialized staff, a wider array of materials and more special settings in which students receive individual or small-group services.

Instructional programs for individual students have more separate components. The increase in program planning for individual students has meant that teachers and aides' activities have become quite naturally more formally structured and documented.

The added complexity is partly a necessary byproduct of, first of all, enabling districts to provide appropriate instruction to a wide variety of children with different educational needs; second, a by-product of asking the districts to provide special instruction they might not have otherwise provided; and third, a by-product of requiring visible evidence that districts have fulfilled the intended purposes.

Now this is not to say that all the inefficiencies and extra bureaucracy were necessary to serve these target groups. We would not argue that the patchwork of programs and associated requirements were the most appropriate way to enable local school systems to provide stable and coherent instruction to these students, although politically, it may have been the only way in which the legislation and regulation could have happened at that time.

A third major conclusion: Over time, the inefficiencies and complexity tend to diminish to a manageable level. For example, teachers and principals reported that scheduling, coordination, multiple pullouts, in which students were pulled out of class into smaller groups for instruction, had been a major complaint and major problem at the school level.

However, in most situations, the problems had been dealt with or were attributable to local decisions and conditions beyond the influence of Federal policies. Time after time, we were learning that the problems had been reduced or solved or managed at the school level, at the district level, and sometimes even involving State policies.

The burden of paperwork, meetings, and administrative chores was definitely there, but we found fewer complaints than we expected. First of all, people who bore the burden were mostly those who were paid from special program funds and the administrative burden itself clearly diminished after the first year or two of the program.

This general trend toward improvement across districts seems attributable to a combination of factors, including active local response to the problems, policy adjustments at Federal and State levels and gradual familiarization with Federal initiatives

Finally, let me just draw a few implications from this study for consideration of block grants. The fact that the former categorical programs had evolved to a point that they were perceived by local people to be working well is relevant to today's topics in several ways. The chapter 1 and 2 block grants are, in some respects, alternative strategies devised to correct perceived problems associated with categorical aid. Our research suggests that these problems are not easily or quickly solved and that the solutions must balance benefits against certain inevitable costs. Chapters 1 and 2 may well represent significant improvements, but the longterm benefits and costs of these changes may not have become apparent yet.

Second, the accomplishments of these categorical programs and policies derive in part from the combination of "carrots and sticks" embodied in statutes, regulations, and appropriations. To an extent, a degree of external regulation was necessary to achieve this effect. Without targeting provisions, for example, respondents indicated that funds would likely have been spread more broadly among different types of students. For example, the "average" or even "gifted" students are used for more diverse programmatic purposes.

Third, the controls, Government regulations and sanctions do not necessarily hamper local initiative, although there are clearly cases where that happened, especially in the initial stages of program implementation. We found considerable evidence that the requirements of categorical programs provided a focus for local educator's energy, a reason to address neglected aspects of the instructional program.

Let me skip ahead just for a moment. A corollary to this point is that Government policies affect people at the local level differently. Categorical programs that we studied gave more leverage to many educators and parents while clearly restricting the options of others. It is plausible that block grants will do the same, but with different actors.

While blocks grants properly seek to reduce the degree of external constraint on local educators, they will probably achieve this goal more effectively for some than for others. The fact that district administrators, for example, may enjoy increased flexibility does not necessarily mean that teachers will also experience more options.

Finally, the fact that many of the policy mechanisms in place before ECIA were designed to meet specialized learning needs and reverse the effects of discrimination has some important implications. For the purpose of serving targeted groups, apparently coercive or restrictive aspects of Government regulations were useful, and especially in light of the fact that the goal was not shared by all States and school districts. Today's priorities, such as the improvement of overall educational quality for mathematics and science proficiency, may reflect a broader consensus among educators and hence imply a different balance of support and controls from the Federal level.

These purposes, for more specialized learning needs or overall educational quality, the ones to which I just referred, need not exclude one another, either in principle or in practice. The goal of improving overall educational quality, for example, can subsume the goal of meeting the learning needs of special populations who are typically at the low end of the spectrum of student performance.

Our research suggests that instructional quality for these groups, who comprise perhaps a third of all students in public schools, has improved substantially over the last decades and that gains for these students have not meant corresponding losses for others, except under some specialized conditions.

Federal aid has made an important contribution to that improvement; the challenge for the future is to build on these gains, not reverse them.

Thank you.

[The prepared statement of Dr. Knapp, with attachment, follows:]

TESTIMONY TO
THE HOUSE OF REPRESENTATIVES
INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS

HEARINGS ON THE IMPLEMENTATION OF BLOCK GRANTS AUTHORIZED BY CHAPTERS 1 AND 2
OF THE
EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

Submitted by

Michael S. Knapp, Educational Sociologist
Social Sciences Center
SRI International
Menlo Park, California 94025

September 20, 1983

Mr. Chairman and members of the Subcommittee on Intergovernmental Relations and Human Resources, we at SRI International and others who assisted with the research I will be reporting on appreciate the opportunity to help you review what is known about the educational block grants authorized by Chapter 1 and Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). The study on which my remarks are based was performed in response to the Congressional mandate included in the 1978 reauthorization of the Elementary and Secondary Education Act (ESEA). At that time, Congress called for a series of studies that would provide comprehensive information on the way federal funds supporting education were spent and what they accomplished at the state and local levels. These studies were to provide, in effect, a baseline, a point of reference for future developments in federal policy such as the block grants under consideration today. The findings of this research are thus appropriate to the topic of this hearing. So, Mr. Chairman and Committee members, I bring to you the results of research that you or your colleagues so prudently requested 5 years ago.

The SRI Study

The study I will summarize, completed earlier this year, investigated the "cumulative effects" of federal education policies at the local level. By "cumulative," we mean effects that accumulate across time (since the passage of ESEA in 1965), across programs (by adding to or interacting with one another and with existing local programs), and across levels of government (from federal to state to local levels). Our study assessed the effects of policies in place prior to Chapter 1 and 2 of the Education Consolidation and Improvement Act. Our research thus provides an overview of "the way it was" that sets a context for the comments of other researchers on this panel and suggests principles underlying the effects of any federal policies on the nation's districts and schools. I have submitted, along with this testimony, the summary and full reports of that research.[1]

Our study addressed the following central concern: what difference did the full array of federal education programs and policies make to schools and districts? Specifically, how had these policies affected (a) the instructional program for targeted students and others, (b) the organization and administration of schools and districts, and (c) the local decision-making process? We concentrated our attention on those policies that comprised the bulk of the federal role as it was then construed, i.e., programs that target resources to particular categories of student (the disadvantaged, the handicapped, the limited English-proficient) and associated civil rights mandates such as Section 504 of the Rehabilitation Act of 1973 or Title VI of the Civil Rights Act of 1964. We also paid limited attention to discretionary programs such as the Emergency School Aid Act (ESAA). We included within our scope programs that were antecedent to both of the block grants under review today: ECIA Chapter 1 (formerly Title I) and Chapter 2 (that consolidated ESAA and other programs into a multi-purpose grant to states and districts).

We derived insights into the effects of these policies through intensive case studies of 20 school districts and, within those districts, more than 80 elementary and secondary schools, which we visited in the 1981-82 school year. We selected districts of varying size, different numbers and mixes of students, and different numbers and mixes of programs present. Districts were located in eight states that represented the diversity of regional, educational, and demographic factors most likely to influence the implementation of federal policies. We interviewed approximately 900 people within these districts: teachers, board members, principals, district administrators, and others such as counselors and Parent Advisory Committee (PAC) members.

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[1] Knapp, Michael S., Marian S. Stearns, Brenda J. Turnbull, Jane L. David, and Susan M. Peterson, Cumulative Effects of Federal Education Policies on Schools and Districts, Menlo Park, CA: SRI International, January 1983.

The findings of our study are in the report, which is appended to this testimony. Here, I will discuss only the three major conclusions that we came to after analyzing our findings.

Study Conclusions

The first conclusion is that federal (and related state) programs and policies for special needs groups have substantially expanded and improved the educational services for targeted children. By and large, federal categorical aid reached the intended districts and schools and was translated into identifiable instructional services that were judged appropriate for these children by local education professionals--regular classroom teachers and principals as well as the special teachers. These educators were using as their baseline what these children would have received without the federal programs--what they were getting prior to the federal assistance. In a classroom of 25-30 students, many of these target children could not have profited from the instruction the regular classroom teacher could provide.

The federal policy tools--acting together over time--had a major role in bringing this about. By tools, we mean the goal statements, funds, guidelines, and requirements, and sanctions, as follows:

- Goal Statements. Federal statements of need and of purpose have a profound effect on schools and districts. The mere existence of a federal law draws attention to an area of educational need and helps to mobilize the local supporters of the law's purpose.

- Funds. The funds available under categorical programs paid for a large share of the special services to target students. The funds went primarily for staff salaries--primarily, teachers who are specialists (in remedial reading, in learning disabilities); also, funds attracted new administrative talent. The programs and staff were distinct additions to the regular program. Funds also provided federal leverage for a more subtle reason. Local administrators and teachers, feeling that they have made a bargain with the federal government, complied with rules because compliance is what Washington expects in exchange for its money.

- Requirements and Guidelines. Federal requirements and guidelines communicate what types of local practices are or are not acceptable. The specific practices developed to comply with requirements varied among states and districts because they reflected varying interpretations developed by administrators at those levels. However, we found evidence that such rules as "Title I funds must be used to supplement not supplant the regular programs" were important for focusing resources on the target students. Most districts and schools, when asked, said they would spread their Title I resources more thinly, with more resources going to "average" and gifted students, if it were not for the prohibitions conveyed by the federal requirements.

- Sanctions. The existence of sanctions strongly reinforces the effects of the other policy tools. The prospect of a visit from auditors, let alone an audit exception, exerts powerful leverage on local behavior.

Our second conclusion is that the price paid for these particular student benefits has been increased complexity. Schools now house more differentiated and specialized staff, a wider array of materials, and more special settings in which students receive individual or small-group services. Instructional programs for individual students have more separate components. The increase in program planning for individual students meant that teachers' and aides' activities became more formally structured and documented.

At the district level, the increases in complexity stemmed largely from the need to achieve and demonstrate compliance with multiple sets of requirements. Rules from the federal and state levels must be attended to, and they must be turned into local procedural guidelines. District staffs have to monitor practices in the schools to make sure that the guidelines are understood and followed. They must follow a whole raft of procedures to document program planning and funds allocation--applications, reports, special financial accounting systems, record keeping, needs assessments, evaluation, and so on. Other procedural requirements were set up to make the district accountable to local audiences, including the parents of handicapped students, and the advisory councils that represent other target groups.

This added complexity was partly a necessary by-product of (1) enabling districts to provide appropriate instruction to a variety of children with different educational needs (2) asking districts to provide special instruction that they would not otherwise have provided, and (3) requiring visible evidence that districts had fulfilled the intended purposes.

This is NOT to say that all the inefficiencies and extra bureaucracy were necessary to serve these target groups. We would not argue that the patchwork of programs and associated requirements were the most appropriate way to enable local school systems to provide stable and coherent instruction to these students. We would never claim that the system of categorical program aid was the best and most efficient, although, politically, it may have been the only way in which the legislation and regulation could have happened.

To summarize, costs were associated with giving target students better instruction than they would have received without federal intervention. Some of these were due to confusing and incompatible guidelines from the federal level, but many were due to complexities resulting naturally from providing different groups of children with different kinds of instruction and from keeping track of these students and services. Part of these costs were incurred because many state and local school systems would not have targeted the funds to the same students without some accountability for--and restrictions on--federal expenditures.

The third conclusion is that, over time, inefficiencies and complexity tend to diminish to a manageable level. For example, teachers and principals reported that scheduling and coordination had been a big problem in the past, for themselves (in terms of scheduling their teaching day) as well as for their students. Multiple "pullouts" had been a major complaint at the school level. However, in most situations, the problems had been dealt with or were attributable to local decisions and conditions beyond the influence of federal policies. Time after time we learned how the problems had been solved--at the school levels, at the district level, and sometimes even involving state policies.

The burden of paperwork, meetings, and administrative chores (such as conducting elections for Parent Advisory Committees) was definitely there. But we found fewer complaints than we expected. People who bore the burden were mostly those who were paid from special program funds (federal coordinators, Title I program managers). An exception was school psychologists and counselors who often absorbed the coordination, planning, or paperwork burdens not paid for by federal sources. Initially, and for each additional program or regulatory change, considerable burden had been present as new procedures were developed, forms promulgated, and the like. The administrative burden clearly diminished after the first year or two of a program. Perhaps because P.L. 94-142 was only a few years old when we visited, individualized educational plans (IEPs) were still a source of concern to many, who thought they required paperwork and administrative duties that did not relate to good educational practice.

This general trend toward improvement across districts seems attributable to a combination of factors, including active local responses to the problems associated with federal policies, policy adjustments at the federal and state levels, and gradual familiarization with federal initiatives.

- Active local problem-solving. People in most schools and school districts responded actively to the problems that accompanied categorical programs and mandates, taking steps to combat these problems. For example, the development of those district policies (e.g., limiting the number of pullouts for each student), and school policies (e.g., rescheduling to reduce instructional time lost by staff and students), and individual actions (e.g., conversations between teachers who share students) have reduced the fragmentation of student programs. A passive resistance also takes place as problem-creating requirements are streamlined or merely reinterpreted. Local educators also respond to difficulties or rules that make no educational sense by complaining about them to federal and state authorities in hopes of changing the policies they hold responsible for the problems.

- Federal and state policy adjustment. In response to complaints and perceived deficiencies in the programs, federal and state governments made adjustments in policies. For example, the 1978 amendments to Title I allowed special staff to share in bus duty, cafeteria duty, and the like, thus reducing the resentment of regular teachers and easing staff tensions in many schools. Recent changes in several states' special education laws were credited in various sites with alleviating some difficulties.

- Gradual familiarization. In addition to local problem-solving and adjustments in policies, the sustained presence of federal programs and mandates meant that people became used to the laws, came to understand them better or fear them less, or simply forgot what a school was like without targeted instruction. (Many younger staff members have never known it any other way.)

An important countervailing trend to the generally positive changes over time has been developing, however. In the sites where strong service mandates combined with strained resources, the perception of the burdensome aspects of federal policy has been growing. Dwindling funds at the local, state, and federal levels create problems that are extremely hard to solve. A few of our districts began to make cuts in the services offered to nontarget students. When the overall pie is shrinking and target students are protected by service mandates, such cuts seem inevitable. Fiscal trends at all levels of government suggest that this problem will become more widespread and severe in the near future and that it warrants attention from policymakers.

Implications for Consideration of Block Grants

The fact that the former categorical programs had evolved to a point that they were perceived to be working well is relevant to today's topics in several ways. The Chapter 1 and 2 block grants are in some respects alternative strategies devised to correct perceived problems associated with categorical aid. Our research suggests that these problems are not easily or quickly solved, and that the solutions must balance benefits against certain inevitable costs. Chapters 1 and 2 may well represent significant improvements, but the long-term benefits and costs of these changes may not have become apparent yet.

Second, the accomplishments of these categorical programs and policies derive, in part, from the combination of "carrots" and "sticks" embodied in statutes, regulations, and appropriations. Specifically, the funds, goal statements, regulations, and associated sanctions appear to have worked together over time to ensure that program benefits reached target students. To an extent, a degree of external regulation was necessary to achieve this effect: without targeting provisions, for example, respondents indicated that funds would likely have been spread more broadly among different types of students (for example, the "average" or gifted student) or used for more diverse programmatic purposes (such as the development of computer literacy programs).

Third, the controls--government regulations and sanctions--do not necessarily hamper local initiative, although there are clearly cases where that happened, especially in the initial stages of program implementation. We found considerable evidence that the requirements of categorical programs provide a focus for local educators' energy, a reason to address neglected aspects of the instructional program. The problems associated with categorical programs, particularly where multiple programs converged and complicated the instructional services offered by the school, stimulated active local problem-solving that led ultimately to useful additions to the instructional repertoire of schools and districts. Block grants will undoubtedly avoid some of the inefficiencies inherent in this process, but the most effective form of block grant may not be the one with the fewest requirements.

A corollary to this point is that government policies affect people at the local level differently. The categorical programs that we studied gave more leverage to many educators and parents, while clearly restricting the choices of others. It is plausible that block grants do the same, but with different actors. While block grants properly seek to reduce the degree of external constraint on local educators, they will probably achieve this goal more effectively for some than for others. The fact that district administrators, for example, may enjoy increased flexibility does not necessarily mean that teachers will also experience more options.

The fact that many of the policy mechanisms in place before ECIA were designed to specialized learning needs and reverse the effects of discrimination has important implications, too. For the purpose of serving targeted groups, the apparently coercive or restrictive aspects of government regulations were useful, especially in light of the fact that the goal was not shared by all states and school districts. But today's priorities, such as the improvement of overall educational quality or mathematics and science proficiency, may reflect a broader consensus among educators and hence imply a different balance of support and controls from the federal level. Whether the block grants, as currently formulated and implemented, strike that balance remains for the public, the Congress, and the Department to judge as the story of block grant implementation continues to unfold. We are only at the first chapter in that story.

However, the purposes to which I have referred need not exclude one another, either in principle or in practice. The goal of improving overall educational quality, for example, can subsume the goal of meeting the learning needs of special populations, who are typically at the low end of the spectrum of student performance. Our research suggests that instructional quality for these groups--who comprise perhaps a third of all students in public schools--has improved substantially over the last two decades, and that gains for these students have not meant corresponding losses for others (except under special conditions). Federal aid has made an important contribution to that improvement. The challenge for the future is to build on these gains, not reverse them.

CUMULATIVE EFFECTS OF FEDERAL EDUCATION POLICIES ON SCHOOLS AND DISTRICTS

Summary Report of a Congressionally Mandated Study

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ABSTRACT

This study examined how schools and school districts have been affected by federal laws that share the broad purpose of improving educational opportunities for target groups of children and youth. The study explored effects in three areas: instructional services for targeted groups; organizational and administrative features of schools and school districts; and local decisionmaking. The study did not assess the implementation of each program but instead looked for effects attributable to the sum total of many programs and mandates operating over time. Conclusions are based on case studies of 20 school districts (and within them, 81 elementary and secondary schools) across 8 states.

The following major conclusions emerge from this study:

- Federal (and state) policies for special populations have substantially improved and expanded the array of educational services for the intended target students.
- These policies have increased the procedural and structural complexity of schools and districts; this appears to represent a necessary consequence of providing targeted services.
- Over time, local problem solving, federal and state policy adjustments, and gradual local accommodation have generally reduced the costs associated with special services to a manageable level.

From these conclusions, several key implications for federal policy makers can be drawn:

- Collectively, federal actions can make a substantial difference in local educational practice and can achieve their intended purposes.
- Some administrative inefficiency is the price paid for providing a variety of targeted, publicly accountable services. Federal actions to diminish these costs risk reducing the benefits as well.
- Federal policy initiatives "settle in" gradually at the local level; programs work better and cause fewer implementation problems over the long term than in the first few years after a policy is promulgated.
- Federal policy must recognize and encourage the local problem-solving and intergovernmental negotiation that develop around programs and that ultimately determine the quality of services.

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STUDY FOCUS AND APPROACH

This study examined the cumulative effects of a number of federal categorical programs and related civil rights mandates on schools and school districts.[*] The federal laws share the broad purpose of improving the educational opportunities for target groups of children and youth, although they vary in their more specific aims and provisions. SRI's study is one of several supported by the School Finance Project, a research effort mandated by Congress in 1978[**] during a period of policy interest in school finance reform and equality of educational opportunity.

In particular, we investigated the influences of:

- Title I of the *Elementary and Secondary Act (ESEA)* of 1965, (now Chapter 1 of the Education Consolidation and Improvement Act of 1981);
- P.L. 94-142, *The Education for All Handicapped Children Act* of 1975;
- ESEA Title VII, the *Bilingual Education Act* of 1968;
- The 1968 amendments to the *Vocational Education Act (VEA)*, set-aside provisions for the handicapped and disadvantaged;
- Civil Rights Laws — *Title VI* of the Civil Rights Act of 1964, *Title IX* of the Education Amendments of 1972, and *Section 504* of the Rehabilitation Act of 1973.

Where parallel laws or programs existed at the state level, they, too, were included in the scope of research. Other laws that directly or indirectly target resources to special populations — the IndoChina Refugee Children Assistance Act, the Indian Education Act, and the Emergency School Aid Assistance Act (ESAA) — were included but played a less central role in the study. The Education Consolidation and Improvement Act of 1981, which subsumes and amends Title I, ESEA, and which combines ESAA and a host of smaller categorical programs into a block grant distributed to all districts, was not in effect at the time of our fieldwork. Local personnel were anticipating its implementation, however, and we have reported their responses to it where pertinent to our findings.

The SRI study was designed to assess the collective impact of these laws on: students' access to instructional services within elementary and secondary schools; the organization and administration of schools and districts; and local decisionmaking. We sought to understand, from the local perspective, what difference the full array of federal policies made to schools and to districts as these policies accumulated over time, interacting with each other and with local programs. Ultimately, we were seeking to understand, in broad qualitative terms, the "costs," "benefits" and associated tradeoffs of the federal programs and mandates as local educators perceived them.

We should mention here what we did not do in this study. We did not assess the implementation of each of the programs studied; instead, we looked for the broader effects attributable to the sum total of many programs and mandates operating over time. Nor did we look at the effects of programs and mandates on student achievement outcomes. Interviewees sometimes cited test scores as evidence of program benefits, but this was not a systematic focus of our inquiry. In the context of current interest in improving the quality of schools, readers might also assume we addressed the question of whether the caliber of our nation's schools has improved. We did not. The concern embodied in the laws we studied was that certain groups were deprived of educational opportunities; we studied the effects, intended and unintended, of federal efforts to improve that situation.

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[*] For a more detailed description of the study and its findings, the reader is referred to the full report. Knapp, Michael S., Marian S. Stearns, Brenda J. Turnbull, Jane L. David, and Susan M. Peterson, "Cumulative Effects of Federal Education Policies on Schools and Districts," Menlo Park, CA: SRI International, January 1983.

[**] P.L. 95-561 (Section 1203), The Education Amendments of 1978.

Topics for Research

Educators, policymakers, and the research community have debated various issues about targeted categorical aid and service mandates since the inception of these policies. In recent years, concern has coalesced in six areas that imply or raise questions about federal policy effects at the local level:

- *Instructional services for target students* — Are the services judged appropriate? Are they reaching the intended targets?
- *Fragmentation vs. coordination of instruction* — Is there a problem? How has it been addressed?
- *Influences on the regular classroom and core instructional program* — Do the services provided for target students influence the regular classroom or detract from the resources available for other students?
- *Systematic approaches to instructional management* — Do school and district staff assess needs, plan programs for individual students, or evaluate results more systematically? How elaborate are the procedures they use? How useful?
- *Administrative burden* — Have the requirements and administrative details of special programs hindered local professionals or detracted from instructional time?
- *Local decisionmaking* — Has local discretion been reduced? Has power shifted within districts?

Numerous criticisms have been leveled at the structure of categorical programs and mandates, accompanied by calls for diverse reforms—including elimination of federal education laws, consolidation or deregulation of programs, or the transformation of categorical programs into undifferentiated block grants. Our purpose was to improve the base of information related to such proposals by exploring the asserted "negative" and "positive" influences of federal programs.

Methods and Sample

We investigated cumulative effects through a multiple case design in a sample of twenty school districts across eight states.* Guided by the research topics described above, we collected data primarily through focused, open-ended interviews with a variety of respondents at school and district levels. Data were systematically analyzed through a two-stage process: the first stage yielded case reports on each individual site and the second an analysis of patterns across all sites.

We selected districts and schools within them to maximize variation on the factors most likely to influence the cumulative effects of targeted federal policies. States varied on the number and type of state categorical programs and related mandates aimed at special needs students, the characteristic relationship between state education agency and school districts, and state wealth and demography. Within these states, districts were selected so that they varied in size and setting, concentration and diversity of special-needs students, number and type of categorical programs, fiscal strength, leadership style and orientation toward special populations. Within each district, two to five elementary schools were chosen and one or two high schools, depending on the size of the district. All together, the sample included 56 elementary and 25 high schools. Schools were not chosen to represent the full range of conditions within their respective districts, but rather the types of situations federal policies would be most likely to influence — that is, schools ranged from those with at least some students from one or more target groups to those with heavy, diverse concentrations of these students.

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*California, Florida, Louisiana, Massachusetts, Missouri, New Mexico, Ohio, Wyoming.

FINDINGS IN REVIEW

Our review of findings emphasizes general tendencies across sites. While numerous variations and exceptions occurred (and have been noted where especially important), there were many consistent patterns, despite the wide range of conditions across the study sample. The reader is referred to the full report for more detail on the exceptions to the general patterns we report below.

Instructional Services for Target Students

We found that students who are intended to benefit from federal programs and mandates generally do receive special services in some degree tailored to their individual needs. The services are most often provided by staff who are specifically trained to handle the target students' learning needs and who could not or would not have been hired without federal funds and targeting requirements.

With few exceptions, teachers and administrators said these services are more appropriate than the instruction the students would have received in the absence of any federal intervention. Where there were negative comments about the special services, they reflected individual teachers' or administrators' judgment that particular special staff were not competent, that program entry or exit requirements were inflexible; or that the design of the instruction was inappropriate (for example, bilingual education drew some philosophical criticism).

Students commonly spend time outside their regular classrooms in order to receive special instruction. According to some educational philosophies, this is undesirable on its face. However, many respondents pointed out to us that classroom instruction does not meet students' needs. Missing "regular reading" to go to a pull-out class often means missing little because the regular class is far beyond the target student's achievement level. Participation in the regular classroom all day long is generally thought more likely to confuse and frustrate a student with special needs than to convey an instructional experience.

Most of the people we interviewed insisted, and apparently believe, that their schools are providing supplementary instruction for target students, "over and above" the regular program. In a strictly logical sense, this is untrue. A student pulled out for special instruction always misses something, even if it is only recess. However, most classroom teachers told us that the target students are receiving something extra and worthwhile in their pull-out classes.

We also found that special services are targeted — that is, they serve the students they are supposed to serve and are not spread around to all students. People in all districts and schools said that other students could benefit from special resources also, but they usually obey the requirements that defined target categories of students.

Instructional Fragmentation vs. Coordination

We looked for evidence that the instructional programs offered to target students are or are not fragmented — that is, whether learning may be impeded because students suffer interruptions of the school day (e.g., by attending pull-out classes) or are taught by different methods. In many districts and schools, we heard that this has been a major problem in the past. The great majority of these districts and schools have, however, taken steps to address the problem. They have limited interruptions of the classroom program (including local activities such as band practice) and have simplified school schedules so that the comings and goings for each classroom are minimized. Indeed, in their desire to reduce fragmentation they often limit the special instructional services which students may receive (even though the students may be entitled to more).

Schools and districts also now address the problem of fragmentation by coordinating the content of instruction offered under different programs. Classroom teachers are often given the responsibility of orchestrating the special services, for example, by specifying what skills a particular child should work on each week. Specialist teachers are encouraged by their program directors to stay in close touch with classroom teachers. Partially as a result of these efforts, classroom teachers' sense of responsibility for target students seems generally undiminished by the presence of specialists.

At an organizational level, we studied the influence of federal policies on "administrative fragmentation," often asserted to contribute to problems of instructional coordination. We found that the presence of staff with different class loads and instructional approaches initially increased the potential for misunderstanding and conflict among school staff. However, over time these issues have been worked out in most cases. At the district level, federal policies have been partly responsible for administrative structures in which separate units or people oversee segments of the instructional program. Interdivision relationships are complicated by this fact, but the level of rivalry and friction is relatively low. We could detect little adverse impact of district organizational arrangements on school functioning. Once again, at both school and district levels, there is evidence across all types of sites that local efforts to combat problems of administrative fragmentation have reduced these problems to a manageable level.

These efforts have not been successful everywhere. In some schools, no one has taken much initiative to coordinate services. Turf jealousies at the district level have sometimes impeded coordination. Where they occur, schoolwide morale problems have made the initial frictions between special and core staff difficult to resolve. However, these instances of persisting fragmentation are exceptions to a more general rule: solving the problems associated with special services is largely a matter of local leadership, resolve, and time.

Effects on the Regular Classroom and the Core Instructional Program

We investigated the unintended effects of federal programs and mandates on the core instructional program of schools and districts: do nontarget students suffer interruption or impoverishment of their program, or is it enhanced? For the most part, we found few substantial effects of either sort. Although nontarget students may be distracted from their work by the comings and goings of classmates served in pull-out classes, teachers reported that the disruption is minimal once the scheduling routines have been worked out. Some classroom teachers lose instructional time due to matters related to special services (e.g., special education placement meetings), but this is not considered to be a major problem. A number of classroom teachers noted also that they gave more attention to nontarget students when the "difficult to teach" were out of the room. The presence of specialized staff and materials sometimes produced spillover benefits for nontarget students, but this seems minimal, due to widespread compliance with the federal targeting requirements.

There are hints, however, of more pervasive and longterm forms of beneficial spillover as well as more serious negative effects. In some sites new ideas and practices were first introduced through federal programs. On the other hand, in districts where strong state enforcement of service mandates coincides with fiscal strains, we heard that the regular program budget has suffered. District officials in these states acknowledged that they are making some cutbacks in services for nontarget students, such as a small increase in class sizes. In these cases, federal and state mandates have forced tradeoffs among groups of students.

Systematic Approaches to Instructional Management

Many federal laws specify procedures for planning, needs assessment, and evaluation. These are intended to stimulate systematic thinking and accountability at the local level, with an ultimate result of more individually appropriate services for students.

We found that the use of systematic procedures has indeed increased over time. Programs for individual students in all target groups were developed with the aid of formalized procedures (such as tests, assessments, and meetings).

The overall management of special services at the district level is similarly marked by systematic planning, program evaluations, and needs assessments. Although not all districts implement these procedures with equal zeal, all types of districts we visited use them to some degree. While we could not judge for ourselves whether students benefited from this state of affairs, many school and district staff (especially the managers of special programs) asserted that they do.

Respondents disagreed about the educational merit of systematic approaches or their usefulness in local program management. Proponents noted that systematic assessment and placement procedures got the "right" students into special services. Critics cited logistical problems (e.g., delays in handling referral for special services) as evidence. Nonetheless, there seems to be a widespread feeling that systematic procedures of some sort represent good professional practice — a trend in the way people think about education which the federal role appears to have reinforced.

It seems unlikely that instructional management at either the student or district level would be approached as systematically in the absence of the federal role. People in schools and districts view many of these systematic procedures as devices for accountability to distant authorities in Washington and state capitals. Most of them accept the need for such accountability as a condition of receiving outside funds.

Administrative Burden

Closely related to the topic of systematic procedures is that of administrative burden — paperwork, extra meetings, and other administrative chores. We gave special attention to chores that took up the time of key core program staff (principals, classroom teachers, directors of curriculum). Although it is clear that special services have generated a great deal of administrative detail and some sense of burden, we found fewer complaints than we expected.

The people who deal with the administrative detail tend to be those whose salaries are paid out of special program funds, especially program managers in the district office and teaching specialists or aides in the school. In all but the smallest districts, such people handle most of the administrative chores related to federal and state programs, thus minimizing the burden on classroom teachers and principals. Few core staff we interviewed said they resent the administrative burden related to special programs, feeling instead that the outside funds are adequate to cover the work. The instances of serious burden seem restricted to particular roles and situations: locally paid counselors who take on special education management unwillingly; schools in which the principal has no "extra pair of hands" to help with the administrative detail; hard-pressed districts facing major, nonroutine challenges attributable to federal policies (e.g., desegregation).

We also found that most of the burden associated with any particular law seem to diminish drastically after the first year or two of the law's implementation. For example, teachers and administrators can remember their early struggles with individualized educational programs (IEPs) for the handicapped, but in only a few sites do they still find these plans burdensome. Familiarity has made the requirements seem less formidable, and district staff have routinized and streamlined the work involved.

Local Decisionmaking

Despite the conventional wisdom that categorical programs and mandates tie the hands of local decisionmakers, we found a more complicated picture. It does not make sense to look at effects on something called local discretion because school districts contain varying interests and viewpoints — some of which are strengthened by federal requirements.

Local staff who take the role of advocate for target students have gained power, often because service mandates and civil rights laws give them legal backing, and because their detailed knowledge of federal requirements strengthens their hand in local policy debates. District staff members have, in general, gained power over what goes on in schools because they have authority to oversee compliance with outside requirements. However, principals' discretion has increased, too, because their school programs have become more complicated; outside resources and special services increase the number of matters on which a principal can make decisions. In a similar way, the occasions for educators at all levels of the system to exercise discretion have multiplied as the complexity of the instructional program has grown.

Few, if any, community members who speak for target students have gained a foothold in district or school decisionmaking. Parents of handicapped students have leverage because of the service mandate and due process requirements, and some of them use this leverage very effectively. Advisory councils, however, have very little access to decisionmaking.

CONCLUSIONS AND POLICY IMPLICATIONS

Across these findings, three general conclusions emerge that have important implications for federal policy:

- Collectively, federal and state policies for special populations have substantially improved and expanded the array of educational services for the intended target students.
- These policies have increased the structural complexity of schools and districts, which appears to represent a necessary consequence of providing targeted services.
- Over time, local problem solving, federal and state policy adjustments, and gradual local accommodation have generally reduced the costs associated with special services to a manageable level.

Each of these reflects a major cumulative effect of federal policy. We discuss the reasons for these effects, including state and local actions and general professional trends as well as federal actions. Finally, we point out why the effects are important to policymakers.

Change in the Array of Local Educational Services

Federal programs and mandates for target students have been translated into educational services that are, by and large, perceived to be appropriate and targeted on the "right" students. In all types of districts and schools, educators told us that federal resources have permitted them to offer more and better services to the wide range of students that fall in one or another target group. They reported that federal requirements have increased the concentration of resources on special-needs students and have helped reduce discrimination against such students. Moreover, the presence of multiple federal and state programs has increased the total pool of resources to work with. While these changes have not been equally extensive in every district and school, the direction of the changes is consistent across our sample.

Together, the federal and state initiatives for special populations present local educators with an accumulation of options that apply to large numbers of students. In districts heavily impacted by poverty and diverse needs, the expansion in educational services affects most students; in other districts varying proportions benefit. In short, the effects we describe add up to a considerable expansion of instructional capabilities at the local level.

Many federal and state actions work together to bring about the change discussed here. Although we tried to distinguish the effects of specific program provisions, this effort was not fruitful. There do not seem to be particular federal requirements that consistently achieve their aims better than others. Instead, the important local effects of federal policy appear to stem from the combination of many federal and state policy tools, including funds, goal statements, program requirements, and sanctions. These tools operate as follows:

- The funds available under categorical programs pay for a large share of the special staff and materials that serve target students. Funds also provide federal leverage for a more subtle reason. Local administrators and teachers, feeling that they have made a bargain with the federal government, comply with rules because compliance is what Washington expects in exchange for its money.
- Federal statements of purpose have a profound effect on schools and districts. The mere existence of a federal law draws attention to an area of educational need and helps to mobilize the local supporters of the law's purpose, notably the local advocates for target groups.
- Federal requirements communicate what types of local practices are or are not acceptable. The specific practices developed to comply with requirements vary among states and districts because they reflect varying interpretations developed by administrators at those levels. However, we found ample evidence that most districts and schools would spread their resources more thinly, with more resources going to "average" and gifted students, if it were not for the prohibitions conveyed by the federal requirements.
- The existence of sanctions strongly reinforces the effects of the other policy tools. The prospect of a visit from auditors, let alone an audit exception, exerts powerful leverage on local behavior.

Some readers may be surprised by the magnitude and consistency of the effects of federal policy found in this study. A decade or so of research on program implementation has created skepticism about whether federal programs can possibly have their intended effects at the local level. We think there are three explanations for this apparent discrepancy between our findings and the implementation literature — the nature of the questions we set out to answer, the nature of the programs we studied, and the timeframe for research.

Our research questions focused on broad effects, with relatively little attention to the details of local practice in each program. Had we looked at the way each program provision was carried out, as implementation studies of single programs have done, we would have found far more variability at the state, district, and school levels. We certainly would have found variability in the answers to questions like, "How is the Title I target population defined?" or "What does an IEP look like?" However, the much broader changes attributable to federal programs, such as the existence of increased specialized instruction for target students, were consistent across our sample.

The second reason for the strong and consistent effects we found has to do with the programs studied. Some important implementation studies have dealt with programs that accorded a great deal of discretion to local participants. The "Change Agent" study, often cited as evidence that federal programs have weak and variable local effects, dealt with programs that involved very limited federal rules and monitoring.[*] The programs and mandates considered in our study, however, have been designed and administered in a deliberate effort to bring about local compliance.

Third, unlike much of the implementation research, this study dealt with programs that are no longer new. The policies on which we focused had all been in place for a number of years (18 in the case of Title I) by the time of our field visits. Over time, local variations have probably diminished.

Our conclusion for policymakers is that federal actions can, indeed, make a substantial difference in local educational practice and can accomplish their intended purposes. Despite the vagaries of state and local handling of specific program provisions, the overall effects of federal involvement in the education of target students have been relatively clear and consistent. A sustained federal presence — comprising funds, goal statements, requirements, and sanctions, and enlisting state and local administrators as participants in the effort — turns out to have more of an effect on school programs than many people would think.

Structural Complexity in Local Systems

Our second broad conclusion is that federal policies have increased the structural complexity of schools and districts, which have developed more administrative apparatus to handle the staff, rules, and procedures that come with special programs. These changes take somewhat different forms at the school and the district level, but at both levels the increased complexity appears to represent a necessary local consequence of providing targeted services.

Schools now house more differentiated and specialized staff, a wider array of materials, and more special settings in which students receive individual or small-group services. Instructional programs for individual students have more separate components. The increase in program planning for individual students means that teachers' and aides' activities are more formally structured and documented.

At the district level, the increases in complexity stem largely from the need to achieve and demonstrate compliance with multiple sets of requirements. Rules from the federal and state levels must be attended to, and they must be turned into local procedural guidelines. District staff have to monitor practices in the schools to make sure the guidelines are understood and followed. They must follow a whole raft of procedures to document program planning and funds allocation — applications, reports, special financial accounting systems, record keeping, needs assessments, evaluation, and so on. Other procedural requirements have been set up to make the district accountable to local audiences, including the parents of handicapped students and the advisory councils that represent other target groups.

The structural complexity at the school and district reflects a fundamental trade-off. On the one hand, target students gain, educators get help with their most difficult teaching problems, and the responsiveness of the system to a diverse clientele increases. On the other hand, students' instructional programs lose some things, and an element of inefficiency is introduced into the system.

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[*] Berman, Paul and Milbrey M. McLaughlin, *Federal Program Supporting Educational Change, Vol. VIII: Implementing and Sustaining Innovations*, Report R-1589/8-HEW. Santa Monica, CA: Rand Corporation, 1978.

For students, the school-level changes mean that they can receive tailored services and individual attention from adults, often from specialists. Needs assessment and program planning result in a better match between student needs and program services. However, the students who participate in special services inevitably miss something in the core instructional program. They may lose some stability in instruction, and they are likely to experience the strain of following a complicated daily routine.

For the adults in the school, there are more ways to handle difficult learning (and disciplinary) problems, more occasions to communicate with parents, and more people to turn to for advice or support. Nonetheless, the time necessary to coordinate the components of the instructional program may be time taken away from working with students (this is more true of specialists than classroom teachers). Furthermore, the presence of specialists raises issues of staff relations that take time to resolve.

For the staff at the district office, the new resources and associated requirements give them leverage over problems they were formerly unable to solve as well. But they pay a price in terms of staff time and the intricacy of administering an instructional program subdivided into many parts. The growth in numbers of administrative staff makes decisionmaking more cumbersome. Their responsiveness to the school may also suffer somewhat in the process.

The costs associated with all the school and district administrative procedures are clearly substantial, although impossible to tally precisely. When considered in isolation, these costs are an easy target for complaints and calls for reform. But the costs are difficult to eliminate. Efforts to reduce them may diminish the associated benefits as well.

Administrative inefficiency is probably an inevitable result of the variety of services offered and the increase in the districts' accountability. As the student population includes more and more formerly unserved groups, increases in the variety of instruction and associated complications are unavoidable. And as local, state, and federal audiences require the presence of targeted services for special-needs students, some explicit rules and procedures (though not necessarily those now in place) are necessary. District officials recognize not only that the rules and procedures generate more work but also protect them by defining clearly what is expected of them and the schools.

When policymakers consider the disadvantages of the increased complexity in schools and districts, they should remember the problems that the complex arrangements were set up to solve. Without specialized, differentiated instructional services in schools, target students might languish in inappropriate "regular" instruction. Without formal mechanisms for coordinating these programs, fragmentation could predominate in the schools. And without rules and procedures for accountability, there would be no assurance that schools and districts were adequately attending to target students.

Settling in Over Time

Across most of the issue areas we investigated, we heard that matters have improved over time. Services for target students have become more appropriate; instructional fragmentation has been reduced; administrative burdens are being handled more efficiently; program managers have been stopped from building empires. Although problem-solving efforts have not been uniformly vigorous or successful across sites, we found at least some reported trend toward improvement in every site. It seemed attributable to a combination of factors, including active local responses to the problems associated with federal policies, policy adjustments at the federal and state levels, and gradual familiarization with federal initiatives.

People in most schools and school districts have responded actively to the problems that have accompanied categorical programs and mandates, taking steps to combat these problems. The problem solving includes district policies (e.g., limiting the number of pull-outs for each student), school policies (e.g., rescheduling to facilitate staff interaction), and individual actions (e.g., conversations between teachers who share students). Local educators also respond to local problems by complaining about them to federal and state authorities, in hopes of changing the policies they hold responsible for the problems. A more passive resistance also takes place as problematic requirements are reinterpreted and streamlined.

In response to complaints and perceived deficiencies in the programs, federal and state governments have made adjustments in policies. For example, the 1978 amendments to Title I allowed special staff to share in bus duty, cafeteria duty, and the like, thus easing the tension among staff in many schools. Recent changes in several states' special education laws were credited in various sites with alleviating some difficulties.

The sustained presence of federal programs and mandates has meant that, apart from any efforts to mitigate problems, people have become used to the laws, have come to understand them better or fear them less, or have simply forgotten what a school was like without targeted instruction. (Many younger staff members have never known it any other way.) Simultaneously, the specialized staff appear to have become more experienced, less threatening, and probably more useful to their schools. Finally, perhaps through repetition alone, the key principles underlying program rules seem to have sunk in and become part of local ways of doing things.

Another factor contributing to the generally positive perception of local cumulative effects may have been the shift in the terms of the policy debate in Washington. Many of our respondents, aware that major reductions in the federal role in education were being considered, made a point of telling us that they would hate to see such reductions take place. We do not think these comments are best understood as simple nostalgia for a federal role that seemed to be disappearing—in short, a "bias" distorting the "true" picture. Aware of the new policy debate, people who thought the local burdens of the federal role outweighed the benefits would have wanted to express that opinion to us so that we would pass it along to policymakers. Yet we heard very few such comments, even from the people with no vested interest in the special programs (classroom teachers, principals, superintendents, and school board members). Instead, most people seemed to have weighed the pros and cons of the federal programs and to have concluded that the benefits warranted their speaking up in favor of the programs.

Still, the tendency for programs to settle in over time suggests one limitation of relying on local perceptions in this kind of research. Just as the perception of a very new program will probably exaggerate its defects, the perception of a long-standing program or set of programs may well exaggerate its benefits. Another limitation on local perceptions has to do with frame of reference. While our respondents could compare special programs with regular classroom instruction, drawing on their knowledge of the way these services work now, they had trouble imagining alternative service arrangements. For example, they were unsure what services might be provided with the same level of funds but different federal regulations (since many state, district, and school decisions would shape these services).

There is an important countervailing trend to the generally positive picture of changes over time. In the sites where strong service mandates are combined with strained resources, the perception of the burdensome aspects of federal policy seems to be growing. Dwindling funds at the local, state, and federal levels create problems that are extremely hard to solve. A few of our sites have begun to make small cuts in the services offered to nontarget students. When the overall pie is shrinking and target students are protected by service mandates, such cuts are inevitable. Fiscal trends at all levels of government suggest that this problem will become more widespread and severe in the near future, and that it warrants attention from policymakers.

The fact that programs tend to settle in more comfortably over time, barring new financial problems, should not be taken as an admonition to policy makers to leave the current federal role unchanged. Changes are obviously necessary as national problems and needs shift. However, knowing how local perceptions change over time can help in setting expectations for the effects of new initiatives. The short-term result of almost any policy change will be local resistance, confusion, and poorly organized services. Over a few years, things work better, and the true merits of a policy initiative can be assessed more realistically. (In the longer term, it may be that any initiative comes to be viewed as indispensable at the local level.)

Finally, policy makers should recognize and encourage the local problem solving and intergovernmental negotiation that develop around programs. The flexibility allowed for local decisionmaking in designing, managing, and delivering services is what accounts in large part for the quality of the educational services provided under federal programs and mandates.

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Mr. WEISS. Thank you, Dr. Knapp.
Dr. Dentler.

STATEMENT OF DR. ROBERT A. DENTLER, PROFESSOR OF SOCIOLOGY, UNIVERSITY OF MASSACHUSETTS

Dr. DENTLER. Mr. Chairman, committee colleagues, staff, my testimony will be based on insights gained during the last 2 years of a still ongoing study of general-purpose dissemination assistance programs in support of educational improvement sponsored by the National Institute of Education.

Dissemination assistance consists of information exchange services, technical assistance, and professional staff development services that are designed to improve the quality of delivery and practice in State and local public school systems.

The generalization I want to examine today is that substantial changes in Federal policy and funding since 1981, when they are combined with State and local cutbacks in expenditures, have had deleterious effects on dissemination assistance.

Knowledge dissemination is a Federal agency mission that dates back at least to the founding of the U.S. Office of Education, just before the turning of this century. The contemporary period began with the passage of the Elementary and Secondary Education Act of 1965. The period we're in has three stages of development. From 1965 to 1974, Federal programs built a foundation for the rapid spread of knowledge through the creation of the Educational Resource Information Center, called ERIC, regional laboratories and educational service agencies at both State and county levels.

In the second period, from 1974 to 1980, under strong stimulus from the Congress, dissemination assistance gained greatly in scope, quality, sophistication and the capacity to improve practice in education as new approaches and increased funding came into play. By 1979, we've found that nearly every State had strengthened some of its capacity to inform and assist classroom teachers and administrators, although only an estimated 14 of the 50 States had made great strides, and many needs remain to be met in thousands of local school systems.

I'd like to pause and depart form the written testimony for a moment and note that many Federal and State practices seem to lead from the specious assumption that State education agencies are a uniform sort of organization, which has as its clients local education agencies. This is a mental picture that just doesn't correspond with the facts when you go out and research State education agencies.

Instead, we have classified State education agencies into five general types. The types vary along four dimensions that keep showing up in study after study of those agencies. The dimensions are whether a State education agency displays high involvement with local school districts; second, whether it provides active assistance and is equipped to provide active assistance to local school systems; third, whether the agency and the State board are highly regulatory or not at all regulatory; and fourth, how efficacious the agency and the State board are, that is, what sort of clout do they carry in the political culture of their State, how much say do they have or how dominated are they by the State House or the Congress?

If we use these four dimensions and classify the 50 States against them under current circumstances, laws and policies, we come out with a frequency in which type "A" State boards and State education agencies, that is, State boards which are highly involved, provide active help to local school practitioners, offer regulatory assistance and are efficacious politically, account for about six of the 50 State education agencies.

Type B, which are States that are very similar in type except that they don't have regulatory force, account for another eight. So when I talk about 14 of the 50 States, I'm saying these are the 14 that are positioned to do something with technical assistance, staff training and the provision of new knowledge to local teachers and building administrators.

In type E, where the State education agency has none of these characteristics, where it has very low involvement, where it's inactive or inert in providing assistance, where it doesn't have regulations and where it has no efficacy, constitute, we think, about 20 of the 50 States. That's just an aside to get the picture on the tremendous variation in State education agency adequacies.

The years from 1981 through 1983, which coincide with passage of the Education Consolidation and Improvement Act, and with severe cutbacks in States and local funding of public education in about four out of the five States, constitute a break in the record of otherwise steady progress in dissemination help since 1965. Swift and abrupt changes in funding levels have been accompanied by spiraling vaccilations in Federal and State program aims. These events and substantial reductions in dissemination staff in about 20 of the 50 States and half of the regional laboratories and county-level service agencies have stymied the provision of new ideas and of vital technical assistance needed to implement improvements in teaching and learning.

Many dissemination program aims are being preserved on paper in the State agencies and the staff still in place there are trying hard to maintain the gains made in the previous period, that is, 1974 to 1980. But increasingly hard-pressed local educators are learning that the linking agents, as they're called, and the knowledge providers they relied upon in the State agencies are now gone, have been assigned to other work, or have taken on several jobs at once and do not have the means to be of help to the localities.

Teachers, guidance counselors, and building administrators who are in search of positive improvements are turning in upon themselves and sacrificing their access to knowledge vital to improving local teaching and learning.

In some State- and county-level agencies, staff have turned to producing brochures and flyers for mass distribution on topics they know must be dealt with face-to-face in order to be pertinent for implementing improvements just because doing something seems better than abandoning the dissemination effort generally.

ECIA has not comprised a direct assault upon knowledge dissemination, but as an important element in a compounding cluster of changes in the Federal, State and local partnership begun under ESEA, I think that ECIA has detracted from the continued gains in the quality of State and local educational practice. I think that ECIA tends, instead, to mechanicalize and fragment what was becoming an organic and fruitful network of knowledge exchange and knowledge utilization.

Our research findings, still incomplete, converge with those from a study published last year by the Far West Educational Laboratory. Their study, which I've cited in my written testimony, looked at the effects of ECIA and of cutbacks in school improvement progress in three western States: California, Nevada, and Utah.

The Far West Labs team noted some positive gains since 1981 in operating efficiency and in the cultivation of public support for education, but in the main, they found negative impacts.

If I put their findings and ours together, I'd reach this list: One, many school improvement projects have been terminated in the last 2 years; two, programs designed to build capacity for school improvement have been opportunitied; three, key State and local agency staff have been laid off or reassigned; four, declines in investment in long-term professional staff development work are substantial.

To these, our research would add the more subjective impression of reduced morale among dissemination workers, heightened confusion about educational program aims, and reductions in networking, that is cooperation and communication between disseminators at regional and national levels.

Our work suggests that we're in a time of extreme contrast between expanding rhetoric about educational improvement—what I would call a rising tide of positive expectations among policymakers—and an ebb tide of Federal and State agency support of the very efforts that must be exerted at public expense if improvement is going to occur.

State regulatory standards and teacher bonuses have a part to play in upgrading education, but that part is far less crucial than the one played by spreading knowledge, putting that knowledge to use in better ways, and communicating and collaborating and coordinating the exchange of knowledge more effectively.

Information services, technical assistance to teachers, and staff development or training are the best available tools for upgrading the practice of teaching. In a time of fiscal retrenchment, these tools are provided by Federal investments in ways that enable teachers to benefit, that is, through vigorous partnerships in putting knowledge to work, or conversely, they are tools that rust away in the boxes of all but the most affluent and developed; that is, the 14 State agencies and their regional labs.

Thank you.

Mr. WEISS. Thank you, Dr. Dentler.

Dr. Jung.

STATEMENT OF DR. RICHARD K. JUNG, DIRECTOR, EDUCATION AND HUMAN SERVICES DIRECTORATE, ADVANCED TECHNOLOGY, INC., ACCOMPANIED BY DR. ANNE H. HASTINGS, PROJECT MANAGER

Dr. JUNG. Mr. Chairman, members of the subcommittee, my name is Richard Jung and I am representing Advanced Technology, a research firm independently owned, privately operated, providing a wide range of professional services to government and the private industry.

My colleagues and I appreciate this opportunity to summarize our research findings on the local implementation of chapters 1 and 2. Our remarks here today are based on two studies Advanced Technology has recently completed for the U.S. Department of Education. One study, the title I district practices study, was a multiyear national assessment of the local operation of the title I program, fielded the year before chapter 1's implementation.

The second study, which Dr. Hastings, who's sitting on my right, will summarize, focused on the local operation of the chapter 2 program, particularly the fiscal impacts of chapter 2 on the Nation's largest school districts and the program's impact on the administrative and paperwork requirements for local school districts.

Let me first discuss some of the findings and the implications of the title I district practices study in five key areas; that is, fiscal effects, paperwork, services to nonpublic students, technical assistance needs, and the anticipated effects of chapter 1 ECIA.

First, with regard to fiscal effects, we found that if chapter 1 funding declined, either because of inflation or budget cuts, one can expect that the allocation of chapter 1 funds to instruction will decline proportionately.

We also found that the reduction in the number of children served by chapter 1 programs will roughly parallel the percentage cut in the budget. With regard to fiscal effects, we found that districts will strive to maintain program services in the elementary grades and for reading services by cutting early childhood, secondary level, math and noninstructional services where possible.

Our second area that we are reporting on today is on paperwork and administrative discretion. We asked local program officials to rank provisions in the title I legal framework according to their burden and necessity for meeting the objectives of the proram. We found that district officials generally judge title I requirements for evaluation and student selection to be somewhat burdensome, but still necessary for meeting the objectives of the program.

On the other hand, they generally found title I's comparability and parent involvement provisions to be unnecessarily burdensome. All four of these requirements have been changed by chapter 1.

Overall, many local title I directors believed that the new legislation would reduce paperwork and would result in more local control. Many also appreciated the relief that they were expecting from auditing and monitoring.

Nonetheless, the most frequently cited weakness was that the new law is not sufficiently specific. More than half the directors felt that chapter 1's lack of specificity increased the possibility of dilution or misuse of funds.

The third area we're reporting on has to do with services to nonpublic school students. We found that the nature was generally comparable to those received by public school students in the same district, but that wide discrepancies existed across States. In fact, several indicators pointed to a marginal relative decline of nonpublic school students' participation in the program.

Briefly with regard to technical assistance, while the exact information needs of districts may shift with increased knowledge and experience in operating under the chapter 1 requirements, title 1's history and our data strongly suggest that continued Federal- and State-provided technical assistance is likely to foster the local flexibility and targeting intended by Congress.

Finally, with respect to the anticipated effects of the chapter 1 ECIA legislation, as part of the study, we asked local title I officials to reflect on the anticipated effects of the revised chapter 1 requirements. It's important to note to the subcommittee, however, that the findings from the study do not report actual practices under chapter 1, since we collected the data the year the legislation was passed, but the year before it was implemented by school districts.

I'd like to discuss briefly two areas where local program officials expected the most change. The one change was in student and school targeting. In our written testimony, we summarized the three major changes that chapter 1 makes to the student and school selection provisions. I'd just like to report here the results.

At the time we surveyed districts, a substantial number of title I directors did expect to use the flexibility of the new chapter 1 student selection standards. For instance, 44 percent of the districts plan to use the program's funds for nontitle I students under ECIA's "utilize part" provision. Under the "permits" provision, only 37 percent of the directors indicated that they will continue to serve exclusively those students furthest behind.

Almost 40 percent of the districts indicated that they may serve some students wo can benefit from the program under the chapter 1 "permits" provision even if those students are not furthest behind. However, over half of the districts predicted that while the new provisions might increase their flexibility, they might also lead to problems in implementation or diluted services.

With regard to the expected effects of parent involvement, most title I directors predicted marked changes in parent advisory councils under chapter 1's less prescriptive requirements. Almost 20 percent of the districts believe that both the district and school advisory councils would effectively be eliminated.

Such a rapid expected retreat from the previously established title I advisory councils in about 75 percent of the districts appears to reflect the perceived burden and questionable necessity of the councils as reported by local title I directors.

The implications of these findings indicate that certain areas merit continued attention by Congress during the next several years of chapter 1's implementation.

Certainly the potential effects of the more flexible student selection requirements merit particularly close monitoring. Title I history suggests that changes in school and student selection legal requirements take several years to show effects at the local level. Thus, the types of students that are served under chapter 1, for example, their student achievement level and other background characteristics should be compared across time to the kinds of students who are served under the chapter 1 provisions.

Our research also indicates that, as one might expect, changes in funding levels will affect the number of students served, as well as the type and intensity of services offered to those students. We also believe that continued attention should be focused on assessing and addressing the technical assistance needs of local administrators.

Finally, our chapter 1 research leads us to expect changes in local districts' evaluation, funds allocation and parent involvement activities under chapter 1, which we believe should be monitored by policymakers to insure that congressional intent is being achieved.

Now Dr. Hastings will summarize our chapter 2 findings.

Mr. Weiss. Dr. Hastings.

Dr. Hastings. In addition to our research on chapter 1, we also recently completed a limited study on two aspects of chapter 2's local implementation. First, for the largest districts and districts in the largest cities, we compared the amounts of money received under the antecedent programs with the amounts these same districts received under chapter 2.

Second, we interviewed a number of State and local officials to obtain preliminary information on how much red tape and paperwork have been eliminated by chapter 2. Before I highlight the major fiscal effects of the block grant on large districts, two points deserve emphasis. First, less than 1 percent of most local districts' budgets come from chapter 2; second, the allocation patterns we observed in the first year of the program may be considerably different in subsequent years as congressional allocations change and as States revise their chapter 2 distribution formulas.

On the last page of our written testimony, we have included a detailed table summarizing the 3-year funding history for the 28 districts selected for our fiscal analysis. Twelve of these districts actually experienced a net increase in funding under chapter 2. In fact, five districts received better than a 20 percent increase. These districts are Baltimore City, Baltimore County, Boston, Fairfax County, and Prince Georges County.

On the other hand, 16 of the 28 districts took cuts in funding under the block grant, as you heard this morning. Six experienced reductions of more than 50 percent: Cleveland, Columbus, Indianapolis, Milwaukee, San Jose, and Washington, D.C. Over all, the funds allocated to the 28 districts under the antecedent programs in the year prior to the passage of chapter 2 were reduced by 30 percent with the consolidation.

It's worth noting, however, that these same districts experienced a 34-percent reduction of funds in the year before consolidation. Thus, the reductions under the block grant were, on average, smaller than those experienced in the preceding year.

As you heard this morning, big districts that had been receiving large grants under the Emergency School Aid Act tended to lose the most under the block grant. For instance, Columbus, Ohio, which in 1981 had a $3 million ESAA grant, lost an amount almost equal to that under chapter 2.

Ten other former ESAA districts in our sample lost more than $1 million under the block grant: Cleveland, Dallas, Detroit, Indianapolis, Los Angeles, Milwaukee, New York, Philadelphia, San Diego, and Washington.

Losses under the block grant in some of the large districts were, however, partially ameliorated by State discretionary grants funded out of the State's chapter 2 set-aside allocation. For example, Dade County, Florida, received a 43-percent supplement to its chapter 2 formula award from a discretionary grant funded out of the Florida set-aside.

In general, these discretionary grants represent attempts by some States to use a portion of their chapter 2 moneys to encourage local district programs for certain categorical objectives previously addressed by the antecedent programs.

Mr. Chairman, with regard to changes in paperwork and administrative burden, there can be little doubt that chapter 2 has removed many of the restraints imposed on local school districts and has substantially increased both administrative and programmatic discretion at the local level.

According to officials that I talked to in districts that were active grant seekers, the biggest change has been that they now submit only one application to one agency instead of submitting multiple, often lengthy applications to a number of different agencies. This change alone has, according to these officials, resulted in a noticeable reduction in both paperwork and administrative staff time in these districts.

Even officials in some of the districts that only participated in one or two of the consolidated programs reported that the simplification in application procedures has been helpful. For instance, several superintendents in small districts argue that their inability to spend the time required to complete competitive proposals has presented serious obstacles to their district's participation in any of the former programs except title IV (B), which was a formula grant.

The superintendents had not felt that they had real access to the funds allocated to these other programs. Because all the money is now being funneled through chapter 2, they believe that they are finally able to receive, with very little effort, their fair share of the available resources.

In terms of recordkeeping and reporting requirements, monitoring and program evaluation regulations, the chapter 2 program is generally being administered by the States very much like the old title IV (B) program, the largest program to be consolidated and the only noncompetitive program. In part because of the district's familiarity with title IV (B), the transition to chapter 2 at the local level, as reported to us, has proceeded relatively smoothly.

It should be mentioned that several of the officials interviewed believe that deregulation has not been achieved without some cost. Some innovative local research and development projects have been terminated because local needs with stronger constituencies have attracted the chapter 2 funds.

Because there are now less specific planning and evaluation requirements, some districts appear to be spending less time on those functions, although in other districts, the commitment to planning and evaluation remains strong.

In summary, there are two principal conclusions to be drawn from our limited investigation of the first year of chapter 2's implementation: First, large districts with ESAA grants were the most adversely affected by the consolidation; second, it is clear that at least among districts that did not lose large amounts of money because of the consolidation, the program has generally been very well received.

The two most popular aspects of the program, according to those we interviewed, are the simplified application procedures and the discretion afforded local school communities.

I hope these comments have been helpful. My colleagues and I will be happy to address any questions that you might have.

[The prepared statement of Dr. Jung and Dr. Hastings follows:]

STATEMENT BEFORE THE
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
AND HUMAN RESOURCES
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
U.S. HOUSE OF REPRESENTATIVES

THE LOCAL IMPLEMENTATION OF CHAPTER 1 AND CHAPTER 2 OF THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT (ECIA): A SUMMARY OF FINDINGS FROM TWO STUDIES

SEPTEMBER 20, 1983

Presented by:

Richard K. Jung, Advanced Technology, Inc.
Anne H. Hastings, Advanced Technology, Inc.

Accompanied by:

Ted Bartell, Advanced Technology, Inc.

Mr. Chairman and Members of the Committee:

My colleagues and I appreciate this opportunity to summarize research findings which we believe will assist this Subcommittee evaluate the implementation of programs authorized by Chapter 1 and 2 of the Education Consolidation and Improvement Act (ECIA) of 1981. Our remarks today are based on two studies Advanced Technology, Inc. recently completed for the U.S Department of Education. One study, the District Practices Study,* was a multi-year, national assessment of the local operation of Title I of the Elementary and Secondary Education Act fielded after the passage of Chapter 1, ECIA, but the year before the actual implementation of the new legislation. The second study focused on two aspects of the initial year implementation of the Chapter 2, ECIA program: (1) the fiscal impacts of Chapter 2 on a sample of 28 large school districts and cities in the country; (2) and an exploratory investigation of how the consolidation has affected the administrative and paperwork requirements for local school districts.

Thus, the first study provides a comprehensive baseline depiction of local district practices under Title 1 for subsequent comparisons to local implementation under the Chapter 1 provisions as well as important insights into what local school officials believed would be the effects in their districts of the streamlined statutory requirements. The second study, while more limited in scope, depicts the actual first year fiscal and administrative effects of the Chapter 2 block grants in a number of districts.

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*The study, "A Description of District Practices since 1978 under Title I of the Elementary and Secondary Education Act of 1965," (Contract No. 300-80-0933) is commonly referred to as the District Practices Study.

DESCRIPTION AND SELECT FINDINGS OF THE DISTRICT PRACTICES STUDY

In 1980, the U.S. Department of Education (ED) contracted with Advanced Technology, Inc. to conduct a national study of school district practices for operating programs under Title I.

The data sources for this study included a mail questionnaire sent to a representative sample of over 2,000 local Title I Directors and structured interviews in 100 representative Title I districts. To obtain more detailed information about Title I services to nonpublic school students and the interactions between district and school-level program officials, 40 additional districts were visited for intensive case study investigations.

We summarize below key findings of this study related to Chapter 1 issues identified by the staff of this Subcommittee as most pertinent for these hearings. A complete listing of the study's reports are included in Appendix A.

Paperwork and Administrative Discretion

Local program administrators were asked to rank provisions in the Title I legal framework according to their burden and necessity for meeting the objectives of the program. Those officials reported that the Title I requirements for evaluation and student selection were somewhat burdensome, but still necessary for meeting the objectives of the program. On the other hand, they generally found the Title I comparability and parent involvement provisions to be unnecessarily burdensome. The Chapter 1 legislation substantially streamlined and generally loosened the requirements in each of these four administrative areas.

Local program officials had decidedly mixed, and often opposite, reactions to ECIA's modified program design and targeting provisions. For instance, the most frequently mentioned strength of Chapter 1 was that it eliminates parent advisory council requirements and in other ways provides more flexibility for complying with the program's parent involvement requirements. On the other hand, the second most frequently mentioned weakness was that these same parent advisory council requirements had been eliminated under ECIA.

On the plus side, many local Title I Directors believed that the new legislation would reduce paperwork, and result in more flexibility and local control. Many also appreciated the relief from auditing and monitoring which they believed would result from the new legislation. Nonetheless, the most frequently cited weakness was that the new law is not sufficiently specific. Some Directors felt that Chapter 1's lack of specificity increased the possibility of dilution or misuse of program funds.

Fiscal Effects

Over Title I's eighteen-year history, appropriations for the program failed to keep up with inflation. Between school years

1978-79 and 1981-82, for example, Title I appropriations rose by about 8 percent while inflation as measured by the Consumer Price Index increased by 30 percent. More recently, the program's funds for local school district projects have actually been cut.

Predicting future actions must always be done with care, but the data from this study provide some clues about local decisions under Chapter 1, ECIA. If Chapter 1 funding declines in real terms because of inflation or if Federal funding for Chapter 1 is significantly reduced, one could reasonably expect that:

- The allocation of Chapter 1 funds to instruction will decline proportionally to reductions in the overall budget.
- The number of children served by Chapter 1 programs will parallel the percentage change in the budget.
- Change in the number of schools served will not be as pronounced as budget changes.
- Districts will strive to maintain program services in the elementary grades and reading services by cutting early childhood, secondary, math, and noninstructional services.

Program Services to Nonpublic School Students

Congress included several new provisions in the 1978 Title I law to address the possibility that students in nonpublic schools might not have been receiving their fair share of program services. Essentially identical provisions were incorporated into the Chapter 1 legislation.

The results from this study indicate that the nature and intensity of services for nonpublic school students was generally comparable to those received by public school students in the same district. Nonetheless, the overall participation level of nonpublic students has, at best, been at a steady state since 1976. In fact, several indicators point to a relative marginal decline of nonpublic students' participation in the program. For example, the participation rate for nonpublic school students in Title I increased by less than 6 percent between 1976 and 1980, while public school students' participation increased by almost 18 percent during that period.* Also, the proportion of Title I districts serving nonpublic students residing in Title I attendance areas declined from 59 percent to 56 percent between 1976 and 1981.

Technical Assistance Needs

The study also reveals that local program officials want and can benefit from more information about the extent of their flexibility in decision making under Chapter 1. Officials in many of the districts visited were unaware of options for changing or improving their compensatory education programs, which had been available to them for years under the Title I legal framework. Given the increased flexibility of the Chapter 1 legal framework, disseminating information about alternative approaches to address key administrative issues is likely not only to improve compliance, but also to serve as a means of helping local decision makers recognize and use the flexibility accorded them under the Chapter 1 requirements.

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*"Participation rate" is defined as the percent of total elementary and secondary enrollment (nonpublic and public, respectively) participating in the Title I program.

Student and School Targeting

The central focus of Title I was to provide services to educationally deprived children having the greatest need in school attendance areas with high concentrations of children from low-income families. Between 1965 and 1978, Title I's statutory and regulatory framework gradually made more operational the standards for targeting program services to these students and added several options for implementing these school and student selection standards. Chapter 1 made three important changes in these standards and options.

First, Chapter 1 allows school districts to "utilize part of" their Chapter 1 funds for all educationally deprived, low-income children, not just educationally deprived children in low-income areas. This is the first time the Federal legal framework has used poverty rather than educational deprivation as a student selection criteria.

Second, under Chapter 1, school districts are no longer required to serve educationally deprived children having the greatest need; instead, districts need only have a procedure that "permits" the selection of these students.

Third, the Chapter 1 legislation did not explicitly contain many of the school and student selection options or exceptions available under Title I. Regulations issued by ED omitted them as well, but the nonregulatory guidance document prepared by ED suggests that several school and student selection options remain available.

At the time we surveyed districts, a substantial number of Title I Directors expected to use the flexibility of the new Chapter 1 student selection standards. For instance, 44 percent of the districts planned to use some program funds for non-Title I students under ECIA's "utilize part" provision. Under the "permits" provision, only 37 percent of the Title I Directors indicated that they will continue to serve those students furthest behind exclusively. Almost 40 percent of the districts may serve some students who can benefit from the program under the Chapter 1 "permits" provision even if those students are not furthest behind.

Thus, if these Title I Directors' predictions are realized Chapter 1 is likely to have some important effects on the types of students served in the program. When asked to assess the anticipated effects of the revised Chapter 1 targeting provisions, fewer than one-third of the Title I Directors expected "little, if any effect". Over half the Directors felt that while the new provisions might increase their flexibility, they might also lead to problems in implementation or diluted services.

Parent Involvement

The Federal mandate for parent involvement in the planning, implementation, and evaluation of local Title I projects was designed to assure that these projects conformed to local needs. By 1978, the Title I legislation had become quite prescriptive concerning one aspect of parent advisement at the local level, the formation and operation of parent advisory councils. In

While the exact information needs of districts may shift with increased knowledge and experience in operating under the Chapter 1 program requirements, Title I's history strongly suggests that continued Federal and state-provided technical assistance is likely to foster the local flexibility intended by streamlined Chapter 1 legal ground rules.

Anticipated Effects of Chapter 1, ECIA

As part of the study, various local Title I officials were asked to reflect on the anticipated effects of the revised Chapter 1 requirements in their districts.

A few words of caution, however, are necessary regarding these initial assessments of Chapter 1 provisions. First, since the data were collected in the late fall of 1981 (soon after enactment of ECIA the previous summer), many respondents, particularly in small districts, were not familiar with specific changes made by ECIA. Second, though questions in the study's data collection instruments expressly sought perceptions of the likely effects of changes made by ECIA, actual district practices may not coincide with predictions of anticipated effects. Third, Chapter 1 regulations and ED's nonregulatory guidance document, which might have affected district administrators' perceptions of the ECIA legislation, had not yet been issued. Consequently, the data for this study cannot represent the actual likelihood or magnitude of changes in districts' administrative activities under Chapter 1. With these three cautions in mind, two of the more noteworthy areas where some changes were anticipated are discussed briefly below.

contrast, under Chapter 1, *school districts are not required to* establish parent advisory councils, although parents and teachers must be consulted in the design and implementation of the projects.

Most Title I Directors predicted marked changes in parent advisory councils under Chapter 1's less prescriptive requirements. Almost 20 percent believed that both the district and school advisory councils would be effectively eliminated. The district advisory councils seemed to cause the least problems and seemed to be the most likely to remain intact. However, almost a third of the Directors thought that either the district advisory council or at least some of the school advisory councils would be reduced or eliminated. Less than one quarter of the Directors expected both the district and building-level councils to continue operating as they had under Title I. Such a rapid expected retreat from the previously established Title I advisory councils in a majority of districts appears to reflect the perceived burden and questionable necessity of the councils reported by local Title I Directors.

The findings of the District Practices Study indicate that certain areas merit continued attention by Congress during the next several years of a Chapter 1's implementation and in preparing for the 1987 reauthorization of the program. Deserving special attention are the possible effects of the new latitude given to districts in selecting participating students. Title I's history suggests that changes in school and student selection legal requirements take several years to show effects at the local level. Thus, the types of students served (e.g., levels of educational deprivation, family socio-economic level, participation in other state and local categorical programs) should be closely monitored across time and compared to the types of students served under the Title I provisions. Our research also indicates, predictably, that changes in funding levels will affect both the number of students served and the types and intensity of services offered these students. Continued attention should also be focused on assessing and addressing the technical assistance needs of state and local administrators as well as assessing the effects of changes in the program's evaluation, funds allocation, and parent involvement requirements.

DESCRIPTION AND SELECT FINDINGS OF OUR CHAPTER 2, ECIA RESEARCH

We have also recently completed a limited study on two aspects of Chapter 2's local implementation. First, we collected information about the funding levels for the consolidated programs and block grant funds received in a sample of the largest districts and cities in the country. Included in this sample were the 20 school districts with the largest total enrollments and those districts located in the 20 largest cities. The two subsets overlapped, resulting in a final sample of 28 districts. Second, we interviewed a number of state and local officials in nine districts and three states to obtain preliminary indications of how much red tape and paperwork had been eliminated by Chapter 2.

Fiscal Effects on Large Districts

Before highlighting several of the major fiscal trends observed when comparing block grant funding levels in large districts to appropriation from the consolidated programs, it is important to recognize that less than one percent of most districts' budget came from these funding sources. Also, patterns observed in the first year of the block grant may be considerably different in subsequent years as total funding changes and as state revise their Chapter 2 allocation formulas. A complete three-year funding level history for these 28 districts is presented in an appendix to this testimony; several key trends are discussed briefly below.

Twelve of the 28 districts experienced a net increase in funding under Chapter 2, some larger than 20 percent, including Baltimore City, Baltimore County, Boston, Fairfax County, and Prince Georges County. On the other hand, 16 of the 28 districts took cuts in funding under the block grant, with 6 districts experiencing cuts of larger than 50 percent: Cleveland, Columbus, Indianapolis, Milwaukee, San Jose, and Washington, D.C. Overall, the 28 sample districts received a 30 percent reduction of funds in the first year of the block grant.

It is also worth noting that large districts generally experienced smaller cuts under the block grant than they experienced during the year prior to consolidation. In effect, large districts were suffering from the erosion of political support for the antecedent programs before the programs were folded into the block grant.

Big districts that had received very large ESAA grants tended to lose the most funding under the block grant. For instance Columbus, Ohio, which in 1981 had a $3 million ESAA grant, lost almost the entire amount of that grant under Chapter 2. Ten other former ESAA districts in the sample lost more than a million dollars under the block grant: Cleveland, Dallas, Detroit, Indianapolis, Los Angeles, Milwaukee, New York, Philadelphia, San Diego, and Washington, D.C. Those districts in the sample that were operating under court-ordered desegregation plans--districts that had also usually received sizable ESAA grants--took larger proportional cuts than did districts operating under voluntary plans or that had no desegregation plans.

Losses under the block grant by many large districts were partially ameliorated by state discretionary grants funded out of the state's Chapter 2 set-aside allocation. For example, Dade County, Florida received nearly one million dollars from a matching grant program to teach foreign language in elementary grades, increasing its total Chapter 2 funding by 43 percent. Texas established a $1.7 million discretionary program to help districts recoup part of the ESAA funds lost in several large districts. In general, these discretionary grants represent attempts by some states to use a portion of their Chapter 2 set-aside resources to encourage local districts to attend to certain categorical objectives once part of the antecedent programs.

Effects on Reducing Paperwork and Administrative Burden

There is little doubt overall that Chapter 2 has removed many of the restraints imposed on local school districts, made these Federal funds available to states and districts for less work, and substantially increased both administrative and programmatic discretion at the local level. But many of those interviewed were quick to point out that deregulation has not been achieved without cost. Perhaps most importantly, we do not yet know if this consolidation works for or against the development of well-planned and innovative solutions to local educational problems.

The overriding theme of the interviews is that the Chapter 2 program is being administered by the states in a fashion strikingly similar to that of the old Title IVB program. For many small districts that have never been involved with any of the consolidated programs except Title IVB, Chapter 2 is perceived as little more than an expanded version of that program with an application that is a bit easier to complete.

For districts that were active grant seekers, the biggest change has been that instead of submitting multiple, often lengthy applications to a number of different agencies, they now submit only one application to one agency. This change alone has resulted in a noticeable reduction in paperwork and administrative staff time in these districts.

In terms of recordkeeping and reporting regulations, monitoring, and program evaluation requirements, the Chapter 2 program is administered much like Title IVB, although with perhaps even less direction from the state. In part because of districts' familiarity with Title IVB, the transition to Chapter 2 at the local level appears to have proceeded relatively smoothly.

The findings from these two limited investigations of the first year of Chapter 2's implementation indicate that especially large districts with former ESAA programs were most affected by the consolidation. Continued attention needs to be focused on how states modify their Chapter 2 allocation formulas, use their state set-aside funds, and assume their increased oversight responsibilities during subsequent years of the program's implementation. Finally, it is noteworthy that most local officials desired earlier notification of how much funds they would receive to improve the planning of their Chapter 2 programs, and that most of them also wanted more specified recordkeeping, evaluation, and monitoring guidance.

APPENDIX A

REPORTS FROM THE DISTRICT PRACTICES STUDY

CURRENT TITLE I SCHOOL AND STUDENT SELECTION PROCEDURES AND IMPLICATIONS FOR IMPLEMENTING CHAPTER 1, ECIA	Michael J. Gaffney and Daniel M. Schember
THE EFFECTS OF THE TITLE I SUPPLEMENT-NOT-SUPPLANT AND EXCESS COSTS PROVISIONS ON PROGRAM DESIGN DECISIONS	Michael J. Gaffney and Daniel M. Schember
THE INFLUENCE OF TITLE I BUDGET CUTS ON LOCAL ALLOCATION DECISIONS: SOME PATTERNS FROM PAST AND CURRENT PRACTICES	Richard Apling
NONPUBLIC SCHOOL STUDENTS IN TITLE I, ESEA PROGRAMS: A QUESTION OF "EQUAL" SERVICES	Richard Jung
PAPERWORK AND ADMINISTRATIVE BURDEN FOR SCHOOL DISTRICTS UNDER TITLE I	Victor Rezmovic and J. Ward Keesling
TECHNICAL ASSISTANCE AND LOCAL PROGRAM IMPLEMENTATION IN TITLE I, ESEA	Brenda J. Turnbull
TITLE I SERVICES TO STUDENTS ELIGIBLE FOR ESL/BILINGUAL OR SPECIAL EDUCATION PROGRAMS	Maryann McKay amd Joan Michie
LOCAL OPERATION OF TITLE I, ESEA 1976-1982: A RESOURCE BOOK	Staff

APPENDIX B

FISCAL EFFECTS OF THE CHAPTER 2, ECIA BLOCK GRANT ON
30 LARGEST DISTRICTS AND CITIES: CROSS-TIME COMPARISONS

DISTRICTS	1 FY 1980 Funding Level for Antecedent Programs	2 FY 1981 Funding Level for Antecedent Programs	3 FY 1982 Funding Level for Chapter 2, ECIA Block Grant*	4 Amount Difference FY 1980-81	5 Percent Difference FY 1980-81	6 Amount Difference FY 1981-82	7 Percent Difference FY 1981-82	8 Amount Difference FY 1980-82	9 Percent Difference FY 1980-82	10 FY 1979 Total Revenue**	11 FY 1982 Chapter 2 Block Grant As a Percentage of FY 1979 Total Revenue
Baltimore	1,705,986	1,176,254	1,436,005	- 530,932	-31.0	+ 258,611	+21.3	- 270,331	-15.8	316,247,359	.45
Baltimore Co.	550,153	627,070	839,296	+ 77,089	+14.1	+ 211,330	+33.7	+ 289,143	+52.6	300,000,100	.32
Boston	3,332,000	699,003	1,401,402a	- 2,633,077	-80.2	+ 702,400	+112.7	- 1,930,507	-57.9	200,070,210	.50
Broward	2,730,367	1,842,336	1,234,000	- 888,031	-31.6	- 607,900	-34.0	- 1,503,338	-55.1	311,323,567	.39
Chicago	3,449,850	6,784,273	6,358,254a	+ 3,334,415	+96.6	- 426,011	- 6.3	+ 2,908,398	+84.3	1,379,863,583	.46
Cleveland	15,409,000	4,908,034	1,234,507	- 10,530,990	-68.0	- 3,734,407	-75.2	-14,264,000	-92.0	300,670,640	.34
Columbus	5,732,330	3,337,346	750,300	- 2,394,000	-38.3	- 2,770,306	-76.6	- 4,974,000	-86.8	190,594,300	.40
Dade Co.	2,620,040	2,024,956	2,897,986	- 604,090	-21.4	+ 872,967	+40.6	+ 277,000	+ 9.8	532,300,160	.39
Dallas	3,575,353	2,254,330	1,310,960	- 1,321,157	-33.2	- 1,143,382	-43.1	- 2,264,410	-62.0	377,320,000	.34
Detroit	7,304,033	4,530,600	3,390,300	- 2,773,433	-38.0	- 1,140,096	-25.4	- 3,932,400	-53.7	575,000,940	.58
Duval Co.	1,312,190	780,170	808,395	- 530,900	-40.5	+ 45,200	+ 3.6	- 485,383	-37.0	300,917,344	.48
Fairfax Co.	395,096	510,019	630,952	+ 114,963	+29.1	+ 120,933	+23.7	+ 235,896	+59.7	325,679,000	.19
Hawaii	4,057,348	1,850,155	3,187,386c	- 2,140,383	-53.2	+ 326,200	+17.7	- 1,026,190	-25.1	380,913,000	.36
Hillsborough Co.	1,101,390	803,000	907,048	- 294,390	-25.3	+ 100,980	+11.8	- 194,332	-16.7	238,943,913	.43
Houston	2,779,400	2,149,607	1,096,370	- 629,875	-22.7	- 233,000	-10.4	- 852,904	-30.7	390,000,000	.40
Indianapolis	2,043,240	3,038,517	732,600	+ 995,277	+48.1	- 2,299,937	-75.8	- 1,312,900	-64.3	143,400,400	.51
Los Angeles	19,817,260	10,458,582	8,077,323	- 9,358,800	-47.2	- 2,380,530	-22.8	-11,739,937	-59.2	1,500,567,375	.54
Memphis	1,240,441	1,043,332	1,050,279b	- 200,900	-16.3	+ 7,307	+ 0.7	- 190,162	-15.0	213,000,500	.49
Milwaukee	8,327,398	7,825,647	2,685,600a	- 501,745	- 6.1	- 5,140,041	-65.6	- 5,641,900	-68.4	290,884,330	.93
Montgomery Co.	1,103,315	825,109	870,095	- 293,410	-26.6	+ 34,950	+ 4.2	- 233,400	-20.6	296,000,000	.28
New York	21,103,700	14,525,752	11,554,800a	- 6,648,020	-31.2	- 2,970,800	-20.3	- 9,550,995	-45.3	2,443,346,300	.31
Philadelphia	8,790,435	5,609,499	3,540,345a	- 3,172,337	-36.1	- 2,062,754	-36.8	- 5,239,000	-59.6	680,070,290	.52
Prince Geo. Co.	1,399,733	531,300	1,043,380	- 888,140	-60.2	+ 474,000	+49.2	- 376,330	-25.3	300,400,000	.34
San Antonio	700,272	602,759	636,220	- 137,513	-18.1	+ 93,400	+ 0.6	- 84,070	-11.1	109,000,134	.62
San Diego	6,085,316	3,680,800	2,305,143	- 2,354,315	-37.1	- 1,333,800	-36.1	- 3,780,173	-62.3	390,200,300	.37
San Francisco	2,340,442	1,610,144	1,030,040	- 730,300	-31.2	- 580,042	-36.7	- 1,300,700	-55.1	181,983,300	.49
San Jose	485,096	300,000	142,400	- 184,904	-31.8	- 240,300	-63.3	- 392,360	-71.2	90,067,400	.90
Washington, D.C.	6,443,000	4,622,400	2,087,300c	- 1,823,230	-28.3	- 2,435,270	-52.7	- 4,356,320	-66.1	313,030,152	.39
TOTAL	137,943,907	98,395,105	63,695,437	- 40,448,907	-33.05	-26,907,843	-26.7	-73,343,458	-53.8		

SOURCES: FY 1980 and FY 1981 funding levels for antecedent programs for federally administered programs were obtained from the Assistance Management Procurement Service (AMPS) files; for state administered programs from General Education Provisions Act (GEPA) files (FY1980), interviews with state officials, state documents, or tables in the Council of Great City Schools, "Analysis of the FY82 and FY83 Reagan Budget Proposals on Urban Schools," February 1982. FY 1982 funding level for Chapter 2, ECIA Block Grant were obtained from interviews with state Chapter 2 officials in April 1982 unless otherwise indicated.

a Source: Chapter 2 Office, U.S. Department of Education.

b Source: Tables in [illegible] case studies on Chapter 2 Implementation.

c Source: U.S Department of Education Table, "Education Consolidation and Improvement Act, Chapter 2: FY 1982 Appropriation-Continuing Resolution Allocation (Final)." Hawaii and the District of Columbia are anomalies because of their status as large LEAs and as States; however, Title V programs are not included in the antecedent program totals for these two districts in order to have comparable data for each of the 30 sample districts.

*Chapter 2 amounts include both formula and discretionary grants received by these districts in FY 1982

**Total district revenues for 1979-80, the last year for which such data are readily available, are taken from the NCES data tape "Survey of School District Finances, 1979-80" sponsored by the U.S. Census Bureau. The figure for Hawaii was extracted from the NCES publication Statistics of Public Elementary and Secondary School Systems, May 1981.

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Mr. **Weiss**. Thank you very much for your testimony.

Dr. Jung, I understand that one of your associates on the project, the study that you undertook, is associated, or was associated with the American Enterprise Institute.

Dr. **Jung**. One of the consultants who we have on our Education and Analysis Center, under which we did the chapter 2 analysis, Dr. Dennis Doyle, belongs or works for the American Enterprise Institute. He did not participate on this project, although he is a consultant to our project.

Mr. **Weiss**. Right. In any event, you don't believe that the association with AEI or anyplace else had anything to do with coloring of the conclusions that were drawn from your studies?

Dr. **Jung**. No, sir. Advanced Technology is an independent, private research firm whose business depends on our independent judgment.

Mr. **Weiss**. Fine. I make that point only because earlier on, at the very opening of this session today, there was some suggestion that the hearings in some way were unbalanced in the kind of testimony and witnesses we were going to be hearing from. I want to be sure that, in fact, we're getting objective testimony from your panel.

Unless you have reason to doubt that, Mr. Coffman?

Dr. Dentler, in the closing sentence, or paragraph of your statement, I sense that you're trying to say something very diplomatically and I'm wondering whether you could expand on it. The one where you say,

> We are in a time of extreme contrast between expanding rhetoric about educational improvement—a rising tide of positive expectations among policymakers—and an ebb tide of Federal and State agency support of the very efforts that must be exerted at public expense if improvement is to occur.

Could you expand on that? What are you referring to?

Dr. **Dentler**. I'm referring to the report of the Commission on Excellence under Secretary Bell and under the sponsorship of the President and the seven other major policy reports that have been issued by different agencies and interest groups since, and also the discussion that's been triggered by those reports within some of the States, leading to the notion that if we merely conceptualize excellence clearly enough and call for it strongly enough and put in a few policy modifications, that learning conditions are going to improve substantially.

From the vantage point of dissemination assistance, improvements take place to the extent that teachers have been assisted, that they have knowledge about what works well in other districts, to the extent that they have training opportunities, to the extent that they can call on a State agency that has knowledgeable personnel that are really used to coming and going to local agencies, and county service agencies, or regional labs.

One of the effects of ECIA has been to kick some of the props out of dissemination assistance by redistributive funding and by a reduction in emphasis. What we're missing now are the tools by which the expectations of policymakers might be implemented. You can't call for better teaching and learning and get it; you can't simply modify bonus arrangements for teachers or introduce new regulatory standards and get anything.

In some 20 of the States, changes in regulations will have no observable consequences because there are no monitoring or technical assistance apparatuses in place, that is, what you'll have are State legislative changes in standards with no ability to help people put them to work.

ECIA is not aiming strategically, as I believe Federal legislation has since the turn of the century, at the tools which enable concrete improvement in teaching practices.

Mr. **Weiss**. Well, what would you say to the argument which we've heard expressed here today, and we've certainly been learning it since the National Commission on Excellence report came out, that we've been spending a lot of money on education; education is in a deplorable state; therefore, that proves that the money that was spent was a waste of money and, indeed, perhaps is responsible for the terrible condition that education is in and that the way to cure it is to cut back on Federal funding?

Dr. **Dentler**. Well, I think the research we've been doing contradicts that profoundly and is supported by research from the educational community generally. More concretely, I'm saying if you want to get educational improvements, you have to make sure you have people who are able to share knowledge, spread it, exchange it, cooperate with one another in order to upgrade practice.

Unless you concentrate on that strategic element, unless you meet needs for technical assistance, you can legislate all the regulatory standards you want and very little will take place. Now the Federal mission has long included an emphasis on making sure that technical assistance, professional development, and knowledge spread are funded.

Under current conditions, mechanical arrangements for which the 20 States that are otherwise inert are ideally suited do, indeed, waste precious resources.

So what I'm saying is something programmatic that goes after the provision of help has to be reinstituted, reconstituted, if excellence is going to be pursued with any seriousness, and that will cost Federal money. In half of the States, and I believe more than that, there are not now capabilities for getting on with that pursuit.

Mr. **Weiss**. Thank you.

Dr. Knapp, in the course of your testimony, you suggested what is almost heretical these days, that the programs which were consolidated into the block grant or eliminated, in fact, were working fairly well. Is that just an opinion on your part or is it a studied judgment?

Dr. **Knapp**. No, I don't consider it an opinion. I consider it to be a conclusion on the basis of our research that reflects a very broad base of local perception. Our study was aimed at understanding how a wide range of programs were affecting the local level.

Let met footnote that our study did not exhaustively examine every program that was consolidated into chapter 2, but examined a limited number of those and that the primary emphasis of our research was on programs that dealt with a targeted category of student.

Those programs, all the ones that we looked at, are considered generally, with a great deal of variation and diversity at the local level, to be functioning reasonably well.

Mr. **Weiss.** Thank you very much.

Mr. Coffman, do you have any questions? No.

Well, I want to thank all of you for very important testimony and also for your patience in staying with us. Thank you.

Our final panel today consists of Mr. Gary L. Bauer, Deputy Under Secretary for Planning, Budget, and Evaluation, the Department of Education, accompanied by Dr. Lawrence Davenport, Assistant Secretary for Elementary and Secondary Education.

We have prepared testimony and it will be entered into the record in its entirety and you may proceed as you so deem appropriate.

STATEMENT OF GARY L. BAUER, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION, ACCOMPANIED BY DR. LAWRENCE DAVENPORT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

Mr. **Bauer.** Thank you, Mr. Chairman. We're pleased to appear before this subcommittee to discuss the Department's implementation of chapters 1 and 2 of the Education Consolidation and Improvement Act of 1981.

I will first note briefly the major components of the act, and secondly describe our activities to implement it.

ECIA was enacted on August 13, 1981, as part of the Omnibus Budget Reconciliation Act of 1981. It reflects the commitment of the administration and the Congress to streamline the operation of Federal programs in the belief that such simplification will free up resources and educator's energies for attention to the quality of services provided.

In ECIA, chapters 1 and 2 represent simplified versions of previous Federal elementary and secondary education programs. Chapter 1 simplifies title I of the Elementary and Secondary Education Act by allowing local and State educators more discretion in how they attend to programmatic, fiscal and administrative matters.

This discretion is achieved while leaving intact the program's purpose: to meet the special needs of educationally deprived children in areas with high concentration of poor children and by leaving intact the program's basic model.

Local districts assess student needs, select low achievers to receive services supplementing their regular program, diagnose their individual needs, design programs to meet those needs, consult with parents about programs, deliver the services so as to be well coordinated with the regular programs, and assess the effectiveness of the services, modifying them as appropriate.

Congress retained this basic model of title I, starting in the Declaration of Policy for chapter 1, that schools should be free of Federal requirements that are "overly prescriptive," "unproductive," or "not necessary for fiscal accountability or * * * the instructional program."

Under chapter 1, educators also have more options for demonstrating their compliance with the fiscal principle of distributing local and State funds equitably across chapter 1 and non-chapter 1 schools. Chapter 1 grants more programmatic flexibility than title I with respect to parent consultation and assessment of project effectiveness.

Likewise, chapter 2 of the Education Consolidation and Improvement Act reflects the conviction on the part of Congress and the administration that funds from 42 separate programs could be used more effectively by State and local educators if those programs were consolidated into one authority.

Chapter 2 implements that consolidation, distributes funds to States, and requires that States design and implement a formula for distributing at least 80 percent of the funds to districts on the basis of enrollment, adjusted for high-cost factors. The funds are then to be used to address any of the purposes of the 42 antecedent programs.

This brief review of the two chapters reminds us of the intent of congressional and administrative policymakers in passing ECIA and establishes a framework by which we can assess the Department's implementation of the act.

On November 19, 1982, the Secretary published final regulations for the largest of the chapter 1 programs, the program of financial assistance to local educational agencies. These regulations reduce regulatory burden while increasing State and local flexibility in designing and implementing the program. They address statutory requirements concerning application for funds and allocation of those funds, program and fiscal requirements, participation of private school children and due process procedures for State and local agencies.

While these regulations clearly reduce the amount of Federal direction provided, we have tried to be responsive to the requests of State and local officials for guidance in carrying out their increased responsibilities. Section 591 of ECIA encourages the Secretary to provide technical assistance information and suggests guidelines to assist State and local agencies in implementing the statute.

We have prepared and distributed to all State agencies such guidelines in a nonregulatory document. It contains the Department's interpretation of statutory and regulatory requirements and, where possible, identifies alternative approaches to meet these requirements.

The guidance provided is binding on all officials of the Department, but not on State and local agencies. In fact, we indicate in a nonregulatory guidance that States and districts are free to develop, indeed are encouraged to develop alternatives that are consistent with the statue, regulations and legislative history, but may be more in keeping with their particular needs and circumstances.

Proposed regulations for the chapter 1 State agency programs for migratory children, handicapped children——

Mr. WEISS. Mr. Bauer, excuse me, let me stop you for a moment. I just listened to a sentence that you read and I read it myself and I don't understand it. "The guidance provided," you say, "is binding on all officials of the Department, but not on State and local agencies."

What does that mean? Isn't the guidance intended for the State and local officials?

Mr. BAUER. Yes, but it's not binding.

Mr. WEISS. Right, but you say it's binding on all officials of the Department."

Mr. BAUER. Well, to the extent that we have given guidance, we are not then going to blow the whistle on a local area that might follow those guidelines. We're not going to change our mind later, as long as they're within the context of that guidance. At the same time, if they want to use a different approach, just because it's not in the guidance, we are not going to automatically indicate that that's not an appropriate way to use the program, if they can show us that it's a legitimate need for their local purposes.

The guidance is binding on us, but not on the State and local officials.

Mr. WEISS. Well, I would hope and I would expect that if you issue guidelines and somebody follows them, that you wouldn't think, under any circumstances, you could then turn around and say, "How dare you follow our guidelines."

Mr. BAUER. It sounds like we're in agreement, Mr. Chairman.

Mr. WEISS. It's a nonsensical kind of statement; it doesn't make sense.

Mr. BAUER. I think if one reviews the actions of the Federal Government in a variety of cases over the years, it's a statement, however obvious, that still needs to be said, and it's a principle that we intend to follow. I'm glad that you're in agreement with it.

Mr. WEISS. OK, go ahead.

Mr. BAUER. Proposed regulations for the chapter 1 State agency programs for migratory children, handicapped children in State schools and neglected or delinquent children in State institutions were published in December of last year. Final regulations have not yet been published. When they are, we will also prepare nonregulatory guidance for these programs.

As noted above, the Department's goal has been to implement chapter 1, to retain the integrity of title I in providing supplementary compensatory services to low achievers in low-income areas while accomplishing the simplifications outlined in section 522—that is, eliminating overly prescriptive, unproductive privisions not necessary for fiscal accountability and making no contribution to the instructional program and freeing schools of unnecessary Federal supervision, direction and control.

Some information has been available from studies of the experiences of State and local educators to help policymakers make these important distinctions between necessary and unnecessary provisions. The District Practices Study documented local administrators' actions and rationales under title I in the 1981-1982 school year, as well as their expectations for changes under ECIA.

The administrators discuss burden under title I and distinguish burdensome but necessary provisions from those that were unnecessary for the overall quality of the program. In the former group, they placed evaluation and student selection; in the latter group, they placed comparability and parent advisory councils.

Predictably, when such administrators speculated in the spring of 1982 about changes in their operations under ECIA, 75 percent stated that their procedures for eliciting parent involvement under chapter 1 would rely on means other than district and/or school level councils, and 80 percent stated that the revised procedures for demonstrating comparability were welcomed and were sufficient to insure the equitable distribution of non-Federal resources across chapter 1 and nonchapter 1 schools.

Information from State administrators is also critical for our deliberations about their role under chapter 1. A survey among State chapter 1 coordinators conducted by the president of their national association in the winter of 1982–1983 documented their expectations under ECIA. The response of most States to the question, "What has been the major difference in chapter 1 at the SCA level?" was, "States have more flexibility in providing their own interpretation of regulations for program operation and administration."

The earlier study of State management practices under title I found that State administrators at that time who were likely to make State rules about the conduct of the program were also more likely to be among the 39 judged as quality oriented on other measures. This suggests that as State administrators become more and more active in their role unde chapter 1, we may see increased attention to program quality.

We have an initiative underway to facilitate this increased attention. The Secretary will award grants this month on a competitive basis to States whose chapter 1 staff have specific plans for addressing issues of program quality. They will use these funds to encourage districts to build on the effective school's literature, which our studies have shown to hold true also for improving the performance of disadvantaged low achievers and to undertake a variety of activities in support of such improvements.

In addition, in a study scheduled to begin this fall, we will be describing actions of both local and State administrators under chapter 1 and the effects of those actions on the nature and scope of chapter 1 programs, staffs, and students.

Our implementation of chapter 1, in addition to the drafting of regulatory and nonregulatory guidance, drawing on available data as noted above, also includes the visiting of a limited number of States each year to determine generally how their chapter 1 programs are being implemented; providing, via contract, services to private school children in States which prohibit local schools from doing so; collecting and compiling limited participation staffing and effectiveness data from States; and computing and announcing grant awards.

This year, we announced entitlements on May 20 so that States and districts could plan their programs for the next school year and we mailed the grant awards for funds that became available on July 1 by the first week of July. States were notified of the supplemental appropriation in last August and grant awards were mailed on September 7.

Let me now describe our implementation of chapter 2 of ECIA. Our actions have included drafting and revising regulations and nonregulatory guidance, processing State applications, responding to requests for information, and compiling data about the program. Comments from the field about our notice of proposed rulemaking were favorable and generally indicated that the goal of substantially reducing regulatory burden had been accomplished.

On November 19, 1982, we published final regulations. We have also published nonregulatory guidance distributed earlier for comment and have sent it to State chapter 2 coordinators.

With the exception of Missouri and Nebraska, States for which a bypass arrangement will be used for the provision of services to private school children, we have processed all State applications and issued all grants for the programs. As described in the fiscal year 1982 applications, State formulas distributed 81 percent of the funds directly to local agencies, 49 percent on the basis of enrollment, and 51 percent on high-cost factors or per-pupil ratings that include such elements as numbers of children from low-income families, numbers of handicapped children, size of minority enrollment, sparsity of enrollment, and other factors determined by the State officials to impact on the cost of providing effective programs.

Of the funds retained by the States last year—just over 83 million—States used just over half for improving management, planning and implementation of programs at the State level, 13 percent for State administration, and the remainder for specific initiatives.

In the statement of purpose for chapter 2, Congress states that this financial assistance is to be used in accordance with State and locally determined needs and priorities to improve elementary and secondary education in both public and private schools, and to do so in a manner designed to greatly reduce the enormous administrative and paperwork burden imposed on schools at the expense of their ability to educate children.

We're also told that there should be a minimum of paperwork and that the responsibility for designing and implementing the programs should rest mainly with local educational agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents. Our implementation of chapter 2 has been guided by the three principles stated in the statutory purpose.

I will briefly summarize what we know about the results of our efforts to adhere to three principles. Our documentation of the implementation of the block grant at the State level in nine States suggests that State activities convening and using their advisory panel, establishing a formula for distribution of funds to districts, approving district applications and defining uses of the State set-aside went smoothly. This is one indicator that the block grant has been implemented thus far in a way to address State priorities.

Thirty-three States have also described for the Department the purposes for which local grants will be used. Their data show that local districts are devoting 85 percent of their funds to subchapter (b), educational improvement and support efforts, with subchapters (a), basic skills, and (c), special projects, receiving 6 percent and 9 percent of the funds.

These last two categories show slight shifts from the proportion of funds so spent under the antecedent programs in 1980–1981, although the shifts are small.

Twelve State and local administrators interviewed last spring cited the discretion afforded them under the block grant as one of the most positive aspects of chapter 2. We will study this further in an effort scheduled to begin this fall that will document uses of funds in congruence with local priorities for districts across the Nation.

The degree to which administrative burden has been reduced is also, of course, a primary concern of ours. In the interviews with the administrators last spring, 11 of the 12 reported reductions in paperwork, noting especially simplification of the application procedures as the change bringing the most relief.

This is also consistent with findings of an NCES fast response survey in school year 1980–81 in which, of the one-third of the Nation's districts not applying for Federal education discretionary grants, 62 percent said it was due to excessive paperwork and application procedures.

We have no data about the implementation of the block grant thus far in terms of the third principle Congress defined, the degree to which educators closest to the students and their parents have been most responsible for designing the programs supported with chapter 2 funds. This will be a focus this year of our documentation of local actions under chapter 2 and the nine case studies.

Our national study will describe this as well in a representative sample of districts. An important aspect of ECIA is consultation with State and local educators. As noted above, the Department continues to respond to requests for information. We've also pursued more formal mechanisms for consultation, including the support and participation at State-run regional meetings and at meetings with the task force convened by the Council of Chief State School Officers to discuss information and evaluation procedures.

In summary, our implementation of both program chapters of ECIA has involved the steps of preparing draft and revised regulations, distributing nonregulatory guidance and processing grants. Even more important, we feel, is our attention to principles stated in chapters 1 and 2 concerning the elimination of the burden of paperwork and administrative procedures that fail to contribute to program quality—and in the case of chapter 1, the integrity of program design—and prohibitions against Federal interference with the design and implementation of programs by people closest to the students and their parents.

Adherence to these principles has required extensive deliberation, consultation with State and local educators, and attention to what studies have told us about factors that impede or enhance the implementation of Federal programs.

In the cases of both chapters 1 and 2, we will begin studies this fall to consult systematically with educators across the Nation about their experiences with ECIA and their suggestions for refinements to further improve program quality under these chapters.

The administration and Secretary Bell remain firmly committed to the block grant concept. We're pleased to have an opportunity to talk with you today about it. I'd be happy to answer any questions and Dr. Davenport would be happy to specifically answer questions about the programs involved.

[The prepared statement of Mr. Bauer follows:]

Statement of

Gary Bauer

Deputy Under Secretary for Planning,

Budget and Evaluation

U.S. Department of Education

Before the

House Government Operations Committee

Subcommittee on Intergovernmental

Relations and Human Resources

September 20, 1983

Mr. Bauer is accompanied by Dr. Lawrence Davenport,
Assistant Secretary for Elementary and Secondary Education

Mr. Chairman and Members of the Committee:

I am pleased to appear before this subcommittee to discuss the Department's implementation of Chapters 1 and 2 of the Education Consolidation and Improvement Act of 1981. I will first note briefly the major components of the Act, and secondly describe our activities to implement it, noting both our actions and our sources of information on the effects of those actions.

1. Major components of the Education Consolidation and Improvement Act of 1981

Enacted on August 13, 1981 as part of the Omnibus Budget Reconciliation Act of 1981, ECIA is one of nine new block grants. It reflects the commitment of Congress and the Administration to streamline the operation of Federal programs in the belief that such simplification could free up resources and educators' energies for attention to the quality of services provided.

In ECIA, Chapters 1 and 2 represent simplified versions of previous Federal elementary and secondary education programs: Chapter 1 simplifies Title I of the Elementary and Secondary Education Act by leaving its objectives intact but reducing some of the prescriptiveness about local and State actions required to meet those objectives. Specifically, Chapter 1 allows local and State educators more discretion in how they attend to programmatic, fiscal, and administrative matters.

This discretion is achieved while leaving intact the program's purpose: "to meet the special needs of educationally deprived children" in areas with high concentrations of poor children and the program's basic "model." Local districts assess their students' needs, select low-achievers to receive services supplementing their regular program, diagnose their individual needs, design programs to meet those needs, consult with parents about programs, deliver the services so as to be well-coordinated with the regular programs, and assess the effectiveness of the services, modifying them as appropriate. Congress retained this basic "model" of Title I stating in the "Declaration of Policy" for Chapter 1 that schools should be freed of Federal requirements that are "overly prescriptive," "unproductive," or "not necessary for fiscal accountability or ... the instructional program" (Section 552).

Under Chapter 1 educators also have more options for demonstrating their compliance with the fiscal principle of distributing local and State funds equitably across Chapter 1 and non-Chapter 1 schools. Chapter 1 grants more programmatic flexibility than Title I with respect to parent consultation and assessment of project effectiveness.

Similarly, Chapter 2 of the Education Consolidation and Improvement Act reflects the conviction on the part of Congress and the Administration that that funds from an array of 42 separate programs could be used more effectively by State and local educators if those programs were consolidated into one authority. Chapter 2 effects that consolidation, distributes funds to States, and requires that States design and implement a formula for distributing at least 80% of the funds to districts on the basis of enrollment adjusted for "high cost factors." The funds are then to be used to address any of the purposes of the 42 "antecedent" programs.

This brief review of the two Chapters reminds us of the intent of Congressional and Administrative policy-makers in passing ECIA and establishes a framework by which we can assess the Department's implementation of the Act.

2. The Department's Implementation of ECIA

I will discuss first our steps to implement Chapter 1 of ECIA and information we have used in our deliberations. Secondly, I will describe our actions and information base for implementing Chapter 2. Lastly, I will review the similarities and highlight again for the Subcommittee the principles that guide our efforts in general.

On November 19, 1982, the Secretary published final regulations for the largest of the Chapter 1 programs, the program of financial assistance to local educational agencies. These regulations reduce regulatory burden while increasing State and local flexibility in designing and implementing the program. They address statutory requirements concerning (1) application for funds and allocation of those funds, (2) program and fiscal requirements, (3) participation of private school children, and (4) due process procedures for State and local agencies.

While these regulations clearly reduce the amount of Federal direction provided, we have tried to be responsive to the requests of State and and local officials for guidance in carrying out their increased responsibilities. Section 591 of ECIA encourages the Secretary to provide technical assistance, information, and suggested guidelines to assist State and local agencies in implementing the statute. We have prepared and distributed to all State agencies such guidelines in a non-regulatory document. It contains the Department's interpretation of statutory and regulatory requirements and, where possible, identifies alternative approaches to meet these requirements. The guidance provided is binding on all officials of the Department, but not on State and local agencies. In fact, we indicate in the non-regulatory guidance that States and districts are "free to develop--indeed, are encouraged to develop--alternatives" that are consistent with the statute, regulations, and legislative history but may be more in keeping with their particular needs and circumstances.

Proposed regulations for the Chlpter 1 State agency programs for migratory chidren, handicapped children in State schools, and neglected or delinquent children in State institutions were published in December of last year. Final regulations have not yet been published. When they are, we will also prepare nonregulatory guidance for these programs.

As noted above, the Department's goal has been to implement Chapter 1 to retain the integrity of Title I in providing supplementary, compensatory services to low-achievers in low-income areas while accomplishing the simplifications outlined in Section 522: that is (1) eliminating "overly prescriptive," "unproductive" provisions "not necessary for fiscal accountability" and making "no contribution to the instructional program" and (2) "[freeing] schools of unnecessary Federal supervision direction, and control."

Some information has been available from studies of the experiences of State and local educators to help policy-makers make these important distinctions between necessary and unnecessary provisions. The District Practices Study 1/ documented local administrators' actions and rationales under Title I in the 1981-82 school year as well as their expectations for changes under ECIA. The administrators discussed burden under Title I and distinguished burdensome-but-necessary provisions from those that were unnecessary for the overall quality of the program. In the former group (those deemed necessary, albeit burdensome), they placed evaluation and student selection; in the latter group--those deemed burdensome but unnecessary for program quality--they placed comparability and parent advisory councils. Predictably, when such administrators speculated in the spring of 1982 about changes in their operations under ECIA, 75% stated that their procedures for eliciting parent involvement under Chapter 1 would rely on means other than district-and/or school-level councils; and 80% stated that the revised procedures for demonstrating comparability were welcomed and were sufficient to ensure the equitable distribution of non-Federal resources across Chapter 1 and non-Chapter 1 schools.

Information from State administrators is also critical for our deliberations about their role under Chapter 1. A survey among State Chapter 1 Coordinators conducted by the President of their national association in the winter of 1982-83 documented their expectations under ECIA. 2/ The response of the most States to his question, "What has been the major difference in Chapter 1 at the SEA level?" was "States have more flexibility in providing their own interpretation of regulations for program operation and administration." The earlier Study of State Management Practices under Title I 3/ found that State administrators at that time who were likely to make State rules about the conduct of the program were also more likely to be among the 39 judged as "quality-oriented" on other measures. This suggests that indeed as State administrators become more and more active in their role under Chapter 1, we may see increased attention to program quality.

We have an initiative underway to facilitate this increased attention. The Secretary will award grants this month on a competitive basis to States whose Chapter 1 staff have specific plans for addressing issues of program quality. They will use these funds to encourage districts to build on the effective schools literature (which our studies have shown to hold true also for improving the performance of disadvantaged low-achievers) and to undertake a variety of activities in support of such improvements. In addition, in a study scheduled to begin this fall, we will be describing actions of both local and State administrators under Chapter 1 and the effects of those actions on the nature and scope of Chapter 1 programs, staff, and students.

Our implementation of Chapter 1--in addition to the drafting of regulatory and non-regulatory guidance drawing on available data as noted above--also includes our (1) visiting a limited number of States each year to determine generally how their Chapter 1 programs are being implemented, (2) providing (via contract) services to private school children in States which prohibit local schools from doing so, (3) collecting and compiling limited participation, staffing, and effectiveness data from States, and (4) computing and announcing grant awards. (This year we announced entitlements on May 20 so that States and districts could plan their programs for the next schoolyear, and we mailed the grant awards for funds that became available on July 1 by the first week of July. States were notified of the supplemental appropriation in late August and grant awards were mailed on September 7.)

Let me now describe our implementation of Chapter 2 of ECIA. Our actions have included drafting and revising regulations and non-regulatory guidance, processing State applications, responding to requests for information, and compiling data about the program thus far.

Comments from the field about our Notice of Proposed Rulemaking were favorable and generally indicated that the goal of substantially reducing regulatory burden had been accomplished; and on November 19, 1982, we published final regulations. We have also published nonregulatory guidance distributed earlier for comment and have sent it to State Chapter 2 Coordinators.

With the exception of Missouri and Nebraska--States for which a by-pass arrangement will be used for the provision of services to private school children--we have processed all State applications and issued all grants for the program. As described in the fiscal year 1983 applications, State formulas distribute 81% of the funds directly to local agencies, 49% on the basis of enrollment and 51% on "high-cost factors" or per-pupil weightings that include such elements as numbers of children from low-income families, numbers of handicapped students, size of minority enrollment, sparsity of enrollment, and other factors determined by the State officials (in consultation with their governor-appointed advisory panels) to impact on the costs of providing effective programs. Of the funds retained by the States last year (just over $83 million), States used just over half for improving management, planning, and implementation of programs at the State level, 13% for State administration, and the remainder for specific initiatives. 4/

In the "Statement of Purpose" for Chapter 2, Congress states that this financial assistance is "to be used in accordance with" State and locally determined "needs and priorities", "to improve elementary and secondary education...in both public and private schools, and to do so in a manner designed to greatly reduce the enormous administrative and paperwork burden imposed on schools at the expense of their ability to educate children." We are also told that there should be a "minimum of paperwork" and that the responsibility for designing and implementing the programs should rest mainly with "local educational agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents" (Section 561). Our implementation of Chapter 2 has been guided by the three principles stated in that statutory "Purpose": that is, that Chapter 2 should address State and and locally determined priorities, that it should minimize paperwork, and that it should be designed and implemented by those closest to students and their parents.

I will briefly summarize what we know about the results of our efforts to adhere to these three principles.

Our documentation of the implementation of the block grant at the State level in nine States suggests that State activities convening and using their advisory panel, establishing a formula for distribution of funds to districts, approving district applications, and defining uses of the State set-aside went smoothly. 7/ This is one indicator that the block grant has been implemented thus far in a way to address State priorities.

Thirty-three States have also described for the Department the purposes for which local grants will be used. 8/ Their data show an emphasis by local districts on Subchapter B, "Educational Improvement and Support" efforts (85% of those districts' funds) with Subchapters A, "Basic Skills," and C, "Special Projects," receiving 6% and 9% of the funds respectively. These last two categories show slight shifts from the proportions of funds so spent under the antecedent programs in 1980-81 (which were 4% for efforts corresponding to Subchapter A and 10% for C), although the shifts are small. 9/ Twelve State and local adminstrators interviewed last spring, cited the discretion afforded them under the block grant as one of the most positive aspects of Chapter 2 10/. We will study this further in an effort scheduled to begin this fall that will document uses of funds and congruence with local priorities for districts across the Nation.

The degree to which administrative burden has been reduced is also, of course, a primary concern of ours. In the interviews mentioned above with the administrators last spring, eleven of the twelve reported reductions in paperwork, noting especially simplification of the application procedures as the change bringing the most relief. This is also consistent with findings of an NCES Fast Response Survey in school year 1980-81 in which--of the one-third of the Nation's districts not applying for Federal education discretionary grants--62% said it was due to excessive paperwork and application procedures. 11/

We have no data about the implementation of the block grant thus far in terms of the third principle Congress defined--the degree to which educators closest to the students and their parents have been most responsible for designing the programs supported with Chapter 2 funds. This will be a focus this year of our documentation of local actions under Chapter 2 in the nine case study States. Our national study will describe this, as well, in a representative sample of districts.

An important aspect of ECIA is consultation with State and local educators. As noted above, the Department continues to respond to requests for information. We have also pursued more formal mechanisms for consultation, including the support and participation at State-run, regional meetings and at meetings with a task force convened by the Council of Chief State School Officers to discuss information and evaluation procedures.

As you see, our implementation of both program Chapters of ECIA has involved the steps of preparing draft and revised regulations, distributing non-regulatory guidance, processing grants, and answering questions. Even more important, we feel, than the fact that we have completed these steps is our attention to principles stated in Chapters 1 and 2 about (1) elimination of the burden of paperwork and administrative procedures that fail to contribute to (and often detract from) program quality (and, in the case of Chapter 1, the integrity of program design) and (2) prohibitions against Federal directiveness that interferes with the design and implementation of programs by people closest to the students and their parents. Adherence to these principles has required extensive deliberation, consultation with State and local educators, and attention to what studies have told us about factors that impede or enhance the implementation of Federal programs. In the cases of both Chapters 1 and 2 we will begin studies this fall to consult systematically with educators across the nation about their experiences with ECIA and their suggestions for refinements to further improve program quality under these chapters.

I hope these comments have been useful. My colleagues and I will be happy to address any questions from the subcommittee.

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Mr. **Weiss.** Thank you very much.

I wonder, just as we start out on the questions, if both you and Dr. Davenport would describe very briefly what your respective assignments are. What are you responsible for?

Mr. **Bauer.** I'm Deputy Under Secretary for Planning, Budget and Evaluation. The title is relatively self-explanatory. I am involved in developing for the Secretary the overall budget for the Department. Policy initiatives, et cetera, go through my office and my office also engages in a variety of evaluations of current education programs.

Mr. **Weiss.** And Dr. Davenport?

Dr. **Davenport.** Assistant Secretary for Elementary and Secondary Education.

Mr. **Weiss.** What specifically or generally would your assignment involve?

Dr. **Davenport.** Chapter 2, chapter 1, State and local programs, drug abuse, law related, migrant education, Indian education, and impact aid programs.

Mr. **Weiss.** Would each of you just very briefly give me a small idea of your backgrounds. What had you done previously?

Mr. **Bauer.** I was with a trade association in Washington after graduating from Georgetown Law School. I took a leave of absence from that trade association to work on the campaign. After the election, I had a job in the Office of Policy Development at the White House, working on education issues and, after being there for nearly 2 years, was nominated by the President to be Deputy Under Secretary for Planning, Budget, and Evaluation in the Department.

Mr. **Weiss.** What trade association?

Mr. **Bauer.** Direct Mail Marketing Association.

Mr. **Weiss.** Dr. Davenport.

Dr. **Davenport.** I hold a doctorate degree from Fairleigh Dickinson Unversity, BA and MA degrees from Michigan State University, and an associate arts degree from Lansing Community College. I have served as a vice president of the Tuskegee Institute, a dean at a major university, provost of the third largest community college district in the country, and Associate Director of ACTION. I have also taught in graduate programs at various schools across the country in the areas of counseling and guidance, management, et cetera. Let me see—Associate Director ACTION, and Assistance Secretary now.

Mr. **Weiss.** That's good. Thank you.

Mr. **Walker.** I wouldn't be able to remember all of that.

Mr. **Weiss.** Case studies prepared by consultants for the Department, Mr. Bauer, cite the concerns of local and State school administrators that block grants may be the first step in removing Federal support for education. How would you counter the belief that block grants are signaling an end to Federal aid for education in view of the fact that funding for chapter 2 programs declined by 44 percent after enactment of the ECIA?

Mr. **Bauer.** Well, I think first of all, I would direct local officials to the repeated statements by Secretary Bell that, in fact, that is not what the intention of the block grant program is. I think perhaps to some extent some confusion was caused on the State and local level and probably aided and abetted by the remarks of some in Congress who did not support our program that confused or put together the decreases in the budget with the program reforms we were trying to make in giving State and local communities more authority over education dollars.

The fact that those two things happended at the same time were not particularly related, and I would urge State and local officials, as proof of the pudding, to watch in the years ahead as to what the budget proposals will be in this area.

I don't think there will be any evidence that the block grant was some sort of tactic to eliminate Federal funding for education or Federal help for education on the State and local level.

Mr. **Weiss**. We've received testimony today that chapter 2 funds, compared to antecedent funding, have shifted from poor districts to more affluent districts, and from minorities to nonminority districts.

I assume that's not the intent of the block grants, but would you aruge with the fact that, in fact, that has occurred?

Mr. **Bauer**. Well, I think the studies have shown that to some extent. The intent of the block grant quite simply is to allow State and local officials to make decisions about where they want to spend the money. It was anticipated that the decisions that they made would not always be decisions that those of us in Washington would make, but that there was an overall purpose to be gained by allowing officials closest to the problems to make decisions about what they wanted to do with the money.

Dr. **Davenport**. Mr. Chairman, I would like to add that what you are also seeing is a shift of money from where the students are not to where the students are because only one of the factors is enrollment. As students move from one area of the country to another area this affects enrollment and the receipt of funds. Some areas were losing student enrollment and so naturally they received less funds because they have fewer students.

Mr. **Weiss**. Well, I'm not sure if you heard any of the testimony today, but it's not a new position. It's not that the students are shifting and money is going to where the students are. The argument is that because there's less targeting and focusing of these funds, they are now going to entirely different communities; that they're going to wealthier communities, more affluent communities than the poor and more minority-oriented communities that they were going to before.

Dr. **Davenport**. Mr. Chairman, I would just like to call to mind the testimony of one of the researchers that you had here earlier today who pointed out that in the last year of the antecedent programs there was a 34-percent cut and I believe, if I recall the figures correctly, she pointed out under the consolidation, there was a 30-percent cut.

Actually, the great harm that you're alluding to did not occur. In effect, under the consolidation, the reduction was 4 percent less than it was under the antecedent programs. So I'm not quite sure where that argument leads. Enrollment and high cost are among the factors used in allocating funds and there are some 16,000 school districts across this country that, when you provide the money through that formula process, would get a higher percentage of funds.

Mr. **Weiss**. Are you satisfied, Dr. Davenport, that the consideration, in fact, is enrollment predominantly rather than disadvantaged factors?

Dr. **Davenport**. I'm saying to you that those are the factors which the States and their advisory boards identified in terms of their formulas and high-cost factors. Those are their judgments as to how they can best serve the students in their States who are part of the educational systems. I think that I would second the wisdom they put forth.

Mr. **Weiss**. The old basis for distributing funds under title I and the chapter 2 antecedent programs was need. Although chapter 1 is still targeted for the needy, the targeting has been weakened. Under chapter 2, targeting based on need has been replaced by wider distribution of funds.

Mr. Bauer, do you believe Federal education programs created by Congress should be funded on need?

Mr. **Bauer**. I think it depends on the program and the purposes to which it's been addressed.

Mr. **Weiss**. Chapter 2 explicitly gives the Secretary of Education responsibility for approving State applications for chapter 2 block grant funds. The law requires the Secretary to assure that the formulas the applicant States used to allocate funds are equitable.

How does the Department define equitable?

Mr. **Bauer**. I'll ask Dr. Davenport to address that in just a moment.

Dr. **Davenport**. We'll provide that for the record. I thought I had brought it along. I'm sorry, I did not.

[The information follows:]

I appreciate the opportunity to discuss the Department's review of States' criteria for adjusting the allocation of funds to LEAs under Chapter 2. As the following discussion indicates, the Department did not set rigid, national standards for determining what criteria would produce an equitable distribution of Chapter 2 funds but, instead, reviewed each State's criteria on a case-by case basis to ensure that maximum consideration was given to priorities deemed important by each State.

As you know, Section 565(a) of Chapter 2 requires SEAs to distribute not less than 80 percent of the Chapter 2 funds they receive to LEAs "according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to [LEAs] which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child ...." Section 565(b) requires the Secretary to "approve criteria suggested by the [SEA] for adjusting allocations ... if such criteria are reasonably calculated to produce an equitable distribution of funds with reference to the factors [for determining high-cost children]."

As reflected in Section 561 of Chapter 2, SEAs have the basic responsibility for the administration of Chapter 2. Consistent with this policy, Section 565 gives SEAs wide latitude to allocate funds to their LEAs in the manner that best meets each State's particular needs and priorities. An SEA's discretion is tempered, however, by the requirement that the SEA consult on its formula with the State Advisory Committee, which must be broadly representative of the educational interests and general public within the State. Thus, in determining the criteria to be used and whether those criteria produce an equitable distribution of funds, the State Advisory Committee brings to bear knowledge and expertise regarding local factors particular to its State that may vary considerably from factors applicable in other States.

Because Chapter 2 vests SEAs with decisionmaking authority regarding their allocation formulas, the Department's proposed Chapter 2 regulations did not restrict SEAs' discretion by setting strict standards that limited the categories of "high-cost" children or the amount of funds that had to be allocated on the basis of the "high-cost" criteria, or by defining various terms used in Section 565. Many States applauded this approach and urged the Department not to regulate further. The Council of Chief State School Officers, for example, praised the Department for its "recognition that each State is best able to determine the criteria for "high-cost" children which meet the needs of that state." The Council urged the Department to use no "unpublished or informal criteria ... in evaluating state formulas beyond the general good judgment necessary to fulfill the Secretary's responsibilities." As a result, the final Chapter 2 regulations also provided SEAs with maximum flexibility to devise their allocation formulas.

This approach is wholly consistent with the Chapter 2 statute. Section 565 does not require the Department to define "equitable distribution" by setting criteria with which SEAs must comply. To the contrary, setting such criteria would have the inappropriate effect of narrowing the statutory grant of authority to the SEAs. If the Department were to set specific criteria, those criteria would become a common denominator that could have the effect of reducing allocations to many districts in States whose formulas weighted high-cost factors more heavily.

Moreover, the provisions of Section 565 concerning adjustments to allocations were patterned after those in Title IV-B of the Elementary and Secondary Education Act, with the significant difference that Title IV-B provided for the Secretary to prescribe criteria for the adjustments whereas Section 565 provides for the criteria to be suggested by the SEAs. If the Department issued minimum criteria, it would undercut this statutory change.

Furthermore, it is important to note that under the Chapter 2 statute it is only the criteria for adjustments, not the actual allocations, that are subject to approval by the Secretary. The statute does not require the Secretary, in approving the criteria, to determine that they in fact result in an equitable distribution of funds. Rather, the Secretary is required to approve criteria if they are reasonably calculated to produce an equitable distribution of funds, a determination that ordinarily would be made by reviewing the criteria on their face.

In reviewing each State's criteria for adjusting allocations, therefore, the Department evaluated the criteria on a case-by-case basis under the statutory standards. The Department ensured that the formula had a base of enrollment that was adjusted by "high-cost" criteria. The Department also checked to ensure that each criteria did, in fact, relate to children whose education imposes a higher than average cost per child. If, upon review, the Department had questions concerning the equitableness of a particular State's criteria, the Department asked the SEA for additional information. The Department, however, did not impose its judgment on which "high-cost" factors an SEA selected or how much of the allocation was distributed on the basis of those "high-cost" factors. Such action would have intruded on the flexibility and responsibility vested in the SEAs under Chapter 2, thereby undermining the central legislative decision made by Congress in enacting Chapter 2 -- namely, to make it a State-administered program with a minimum Federal role.

Mr. Weiss. Does the Department consider the formulas which it has approved, submitted to it by the States, to be equitable?

Dr. Davenport. Yes, sir.

Mr. Weiss. On August 20, 1982, the United States Commission on Civil Rights wrote to the Secretary expressing concerns that the Department approved chapter 2 allocation formulas that do not "insure the equitable distribution of Federal educational funds."

The letter stated that the Commission continues "to believe that block grants leaving so much to States' discretion do not fulfill Federal civil rights obligations adequately." Furthermore, the Commission stated that the "ECIA is intended to preserve Federal responsibilities for equal education opportunities."

The Commission said, and I quote, "We do not think the Department's implementation of chapter 2 is consistent with these responsibilities." The Department, your department, did not respond to the Commission's letter until 6 months later. The response stated that—and again, I quote, "Nothing in the law requires the Department of Education to promulgate enforceable standards for determining whether State criteria for adjusting the allocations are reasonably calculated to produce an equitable distribution of funds."

I must point out that the ECIA explicitly requires the Secretary to assure that formulas are "calculated to produce an equitable distribution of funds" with regard to children from low-income families, children living in economically depressed areas, and children living in sparsely populated areas.

On what grounds, Mr. Bauer, did the Secretary conclude that "Nothing in the law requires the Department to insure the equitable distribution of funds"?

Mr. Bauer. Well, I think Secretary Bell, if he were here, would tell you that it is our belief that the formulas that have been authorized do, in fact, insure equitable distribution of funds; that he, under the law, is the one that has been designated as the one responsible to make sure that that's the case, and not the Civil Rights Commission, whatever their opinion may be on the issue.

Mr. Weiss. Well, you would, then, disagree with the statement in the letter of the Department of Education to the Commission on Civil Rights that says, "Nothing in the law requires the Department of Education to promulgate enforceable standards for determining whether State criteria for adjusting the allocations are reasonably calculated to produce an equitable distribution of funds"?

Dr. Davenport. There are some key words there—promulgate standards. The letter does not disagree with our statements here. We review the State plans to determine whether the formulas insure the equitable distribution of funds. We did not publish any standards the States had to meet in order to receive those funds.

Mr. Weiss. Ah, so that what it means is that there is a requirement for equitable distribution of funds, but the Department doesn't think it has to promulgate any kind of enforceable standards to make sure that the States distribute it in that fashion?

Dr. Davenport. We review the State plans, the way they propose to distribute funds——

Mr. Weiss. But not the actual distribution.

Dr. Davenport. What's the difference? The formulas for allocation of funds to their school districts represent the actual distribution of the funds.

Mr. Weiss. If I tell you that I'm going to spend money to buy computers and instead I spend it on building a porch on my house——

Dr. Davenport. If you do that, it will come out in an audit investigation and we will ask for the money back. Unless you have asked for permission to make a change in your plan.

Mr. Weiss. How would you know if you don't have standards?

Dr. Davenport. That's——

Mr. Weiss. If you don't have enforcement of standards?

Dr. Davenport. We are not talking about standards here.

Mr. Weiss. Well, you just said that the operative word is the promulgation of enforceable standards.

Mr. Bauer. Mr. Chairman, I can assure you that we do not have to promulgate or publish standards to know that the type of use you just referred to would be inappropriate. I can assure you that our Inspector General is relatively aggressive in these matters and unless you're aware of this type of misuse taking place, I don't think it's a problem.

We would obviously look into any report of funds being misused in that way.

Mr. Weiss. Would you tell us what the Inspector General has done to date in making sure that the moneys are spent for what the States and the districts say they're going to spend it for?

Dr. Davenport. You are talking about a program, Mr. Chairman, that has been in operation about one school year, which ends—our fiscal year actually ends September 30. There will be audits by the IG staff. Our program staff will visit a number of States during this upcoming year.

It would have been nonsensical to start off in October looking at how people are spending the funds. We will have a record, a study of that, as we go through this whole next year. Our IG will be issuing reports, along with our program people.

Mr. Weiss. So that when Mr. Bauer refers to the aggressive action by your Inspector General, that's going to be aggressive action in the future, not aggressive action in the past?

Dr. Davenport. Well, I just said, Mr. Chairman, that the program was initiated in this academic year, fiscal year 1982–83. Aggressive action by an IG refers to the audit function which involves going out and looking at whether you have actually done what you said you were going to do under the guidelines that have been established for the programs.

Mr. Bauer. Our Inspector General has been aggressive in every other area. I have no reason to believe he'll be any less so in this area.

Mr. Weiss. Does the Department believe, Mr. Bauer, it is more important to target Federal funds to fill special needs, or do you believe even geographical allocation of funds is preferable?

Mr. Bauer. We believe that if we are talking about chapters 1 and 2, decisions are best made by local officials on the criteria that they think is most appropriate for the distribution of funds in their States.

Mr. **Weiss**. In cases where the Department did question the applications from the States, what concerns were raised and how were the applications changed as a result?

Dr. **Davenport**. We questioned several applications where States had put in hold harmless provisions without adequate criteria for making those decisions. We asked those States—these applications were not rejected—there were questions asked of the States. We advised them that their provisions did not seem to have a adequate basis for decisions, and that if they intended to retain these provisions, they should spell out clearly the factors that would be used.

Mr. **Weiss**. Hold harmless in relation to what?

Dr. **Davenport**. Desegregation.

Mr. **Weiss**. And you felt that——

Dr. **Davenport**. I'm sorry, the antecedent programs, I'm sorry.

Mr. **Weiss**. Say it again.

Dr. **Davenport**. Antecedent programs.

Mr. **Weiss**. Well, I think that your initial answer was correct, that it was California and New York which attempted to weight their formulas to provide funds to cities for desegregation plans. The Department disallowed that; isn't the correct?

Dr. **Davenport**. No, sir. We did not disallow desegregation as a high-cost factor. On the contrary, we encouraged those States desiring hold harmless criteria to use desegregation as a factor instead of the funding levels of antecedent programs.

Mr. **Weiss**. Expand on that. What do you mean by that answer?

Dr. **Davenport**. Instead of using what they received last year——

Mr. **Weiss**. Right.

Dr. **Davenport** [continuing]. Put in the factor for desegregation instead, that's because we believe—let's pick—I'm living out in Virginia, let's use Virginia as an example. Let's say we believe that desegregation is a high-cost factor in Virginia. Use desegregation as a factor instead of a provision to hold harmless based on funds received under antecedent programs. Give it whatever weight you want to.

Mr. **Weiss**. As a result of your decision, did the States of California and New York get less money for desegregation purposes?

Dr. **Davenport**. No, not as a result of our decisions, no, sir.

Mr. **Weiss**. Were they able to distribute as much money to the cities as they had originally proposed?

Dr. **Davenport**. I would say almost as much. I don't have the figures in front of me so I don't want to quote exact amounts, but I would say——

Mr. **Weiss**. Well, I find it mighty strange that with all the talk in response to the prior questions about having the localities make the decisions, when the States come in and make a decision on holding harmless major cities in California and New York on the basis of desegregation plans, the Department says, "Uh-uh, can't do that."

Dr. **Davenport**. Mr. Chairman, the hold harmless clauses were based on funding levels of the antecedent programs as minimums. They were questioned because they did not appear to correlate to the statutory requirements as passed by the Congress.

Mr. WEISS. We heard testimony today that Mississippi, the poorest State in the country, allocated the smallest percentage of chapter 2 funds for the poor, while Connecticut, one of the wealthiest States, targeted the largest percentage of funds for the poor.

How do you explain to poor people in one section of the country that they're entitled to less funds than the poor children in another part of the Nation? How can that situation be called "equitable"?

Mr. BAUER. Mr. Chairman, it is not for us to explain. If people in Mississippi are dissatisfied with the way the funds have been disbursed, they have a problem with the State government of Mississippi and we would assume they would be aggressive in pursuing that problem with the State government. The purpose of the block grant proposal was to put these decisions on the State and local level closest to people so that they could, in fact, effect the dicisions that are made at that level.

Mr. WEISS. You do believe that the enforcement of civil rights is a national obligation; do you not?

Mr. BAUER. Absolutely.

Mr. WEISS. Right. So that it's not sufficient in your opinion to say that if the State of Mississippi is depriving people of their civil rights that it's not the business of the Federal Government; that people ought to complain to the State government, right?

Mr. BAUER. Are you suggesting that the distribution of funds in Mississippi has, in fact, violated civil rights?

Mr. WEISS. I'm suggesting to you, sir, that the equal provision of education is a matter of civil rights under the Constitution of the United States.

Mr. BAUER. I would urge the citizens in Mississippi who share your view to be very aggressive in presenting their case.

Mr. WEISS. You know, that was the basis on which all civil rights legislation used to be opposed. The argument used to be States' rights. You're giving us a pretty close approximation of that same response.

Dr. DAVENPORT. Mr. Chairman, are we now comparing the chapter 2 program to all the civil rights legislation, or the civil rights programs? There was no targeting included by the Congress in this legislation. You keep referring to chapter 2 as a program aimed just at providing service to poor people. I have very quickly tried to look to see where that was the only criteria listed by the Congress.

The Congress included a number of examples of how funds could be spent, but I don't see where they specifically targeted chapter 2 for services to poor people.

Mr. WEISS. You've agreed already, Dr. Davenport, that the requirement in chapter 2 was for an equitable distribution of those funds; right? I've asked you how is the word "equitable" defined and you said that you'll have to submit that for the record.

Dr. DAVENPORT. Well, Mr. Chairman, you know, we could go back and forth on this. Just as you read a letter earlier from the Civil Rights Commission using the word "equitable," the Congress included the word "equitable" in the legislation—but that is not the basic thing that we're addressing here. I won't prolong it.

Mr. WEISS. Let me at this point—because I think I've used my 5 minutes—defer to our ranking minority member, Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman, that's an interesting clock you have. [Laughter.]

One of the problems that we've got in defining equitable, of course, is the fact that equitable is a term of art, evidently, with the people who come before Congress describing what it is they think is equitable.

For example, one definition of equitability today was that 43 percent of all the moneys in the State of Pennsylvania going to one school district only was, in fact, an equitable distribution.

So that, you know, that becomes a question. We had somebody else describe to us the fact that unequal treatment is equitable. Now, that—I think at least in terms of a Webster's definition of equitability—would leave a lot to be desired. I think that therein lies the problem.

Isn't it one way of looking at equitability to say that, at least under chapter 2, where the mandates are clearly to advance a number of different areas of education that equitability on a per-pupil basis might very well be the best way to proceed, and thereby, begin to address the concerns of many school districts who, prior to this time, have never had an opportunity to participate because, as you said in your statement, Mr. Bauer—and I found somewhat interesting—that 62 percent of all those you'd interviewed indicated that due to excessive paperwork and application procedures, they had never gotten into this process.

What that says is they didn't have grantsmen on their staff. They were small, rural districts that couldn't afford to go out and hire a grantsman so, therefore, never got into the process and now are being told that they should never get Federal money, that it is inequitable for them to get Federal money because they didn't have a grantsman on their staff. I don't see anything equitable about that and is that some of the criteria; is that some of the thinking that has gone into what the Department is now doing?

Mr. BAUER. Congessman Walker, you said it better than I could. We have found at the Department that the word "inequitable" is used by anybody who's received less money than they did the year before, and that equitable is used by anybody who receives exactly how much money they want.

The terms are not terms of art. We think, again, that these decisions are best made at the State and local level. We were happy when the Congress of the United States agreed with us. We think the Congress still agrees with us.

Mr. WALKER. I said earlier today that it appears that it was equitable only when we get the money; inequitable when everybody shares equally in the money. That strikes me as a rather strange method of proceeding.

How do we assure the fact that basic desegregation goals are being met under chapter 2 and that civil rights are not being violated?

Mr. BAUER. Well, Congressman Walker, as you know, the chapter 2 program is not the main activity of the Federal Government in the area of desegregation. Many of the school districts that were receiving funds before the desegregation program was placed into chapter 2 have been receiving funds for years. If I remember the statistics correctly, I believe of the 450 districts that received funds in the last year of that separate program, all but 50 of them had been receiving funds for some time.

We think that in many areas, the specific financial need for desegregation no longer existed and, in fact, the money was then being used to service educationally disadvantaged children and, of course, the local districts can do that under the chapter 1 program and the block grant now. So we just don't see the type of problem that the chairman and others seem to have indicated today.

Mr. **Walker**. Can we assume in reviewing the State plans that you do take note of those areas where a State would seem to be moving money around in a way that would violate civil rights? I mean, is that one of the things that's looked at as you study the State plan?

Dr. **Davenport**. No, sir. That would be one of the functions of OCR—our Office of Civil Rights which is under another Assistant Secretary. They would review the assurances.

Mr. **Walker**. But in other words, it would be reviewed by the Department?

Dr. **Davenport**. Yes, sir, I thought you meant——

Mr. **Walker**. OK, all right, no. In other words, as a part of this review process that goes on for chapter 2 funding or for chapter 1 funding, what you're saying is one of the clearances that is received on that is to go through the Office of Civil Rights in order to assure that the plan does comply with the basic civil rights laws that the country expects. Is that——

Mr. **Bauer**. Our Office of Civil Rights is involved in all of these programs in reviewing what happens to Federal money. Secretary Bell has a strong commitment to the involvement of that office and all the procedures by the Department and they're very aggressive in making sure that money is not misused in any way from a civil rights standpoint.

Mr. **Walker**. The second check, as you've mentioned in all this is that not only do you have a Federal review of the plans, but in addition, then, as you've pointed out, local people can begin to make some steps. So in other words, we have Federal laws that require civil rights; that's reviewed as a part of reviewing the process, but in addition, under this program that wasn't available under the previous categorical programs, if local people see misuse taking place to local and State levels, they, in fact, can respond to it because you have someone now to hold responsible for the direction in which that money is going.

Mr. **Bauer**. That's right. In the past, with the categorical programs run out of Washington, to the extent these problems arose, you often tended to hear only from those interest groups who had the resources to have Washington lobbyists and could be very vocal here on the Hill. We quite often didn't hear from those groups who were unrepresented or underrepresented. They have a much better opportunity and chance to make their will felt on the local and State level and, of course, we're encouraging them to do so.

Dr. **Davenport**. Congressman, also in this whole process there are the State advisory councils appointed by the Governors. They review the plans, also, and the distribution formulas that the States establish.

Mr. **Walker**. Based upon what you now know, 1 year into the program and understandably you haven't had a chance to review it, have block grants worked?

Mr. **Bauer**. I don't think there's any doubt that they have. I only wish that in the past with the 42 programs, categorical programs that went into the block grant, we had been as aggressive here in Washington in both Congress and in previous administrations in making sure every year that those programs were working. Quite frankly, a lot of those drifted along for some time without this kind of review.

We welcome the review after 1 year of the block grant. The Secretary feels that it's working well; we're committed to it and we're going to continue pushing it in the future.

Mr. **Walker**. Thank you, Mr. Chairman.

Mr. **Weiss**. Thank you, Mr. Walker.

Just so that we dispose of the definition of equitable, whether I agree or disagree with your definition of it, it is really secondary at this point, but what I'm anxious for the record is to get your definition of equitable. How do you define it? OK?

So far, you haven't been able to give that to me and I wait with bated breath to get it for the record.

Mr. **Bauer**. Absolutely.

Mr. **Weiss**. As to the Office of Civil Rights and its review of chapter 2 funding, now just so that we have the record correct, isn't it a fact that OCR has nothing to do with reviewing chapter 2 funding applications or grants?

And before you answer, would you like to be sure that you check that before you respond for the record?

Mr. **Bauer**. They don't review the applications. The Office of Civil Rights, however, is very active with all programs in the Department of Education. If there was some indication—and it can be received in a variety of ways—that a particular State was discriminating intentionally against a racial minority in that State in the use of those funds, I can assure you that our Office of Civil Rights would take the appropriate steps in-house to bring that situation to the attention of the Secretary and the appropriate steps would be taken at that time.

Dr. **Davenport**. There are assurances included with all the applications that are submitted. States are required to assure that they are in compliance with all civil rights statutes, also, Mr. Chairman.

Mr. **Weiss**. I just asked you a question a few minutes ago about the enforcement of the standards and you said that you don't promulgate any kind of standards. How would you enforce it if you don't have anybody who is promulgating the enforcement of those standards?

Dr. **Davenport**. No, sir, your question was on the formulas and you referred to promulgating standards in terms of the formulas. You were reading from a letter from—something that you were reading up there—I thought it was a letter. We responded that we didn't promulgate any standards that would require States, for example, to weight 60 percent for enrollment, 40 percent for high-cost factors.

We don't promulgate those kinds of standards. We believe those kinds of decisions are best made by the State advisory councils, State superintendents, and the boards working with the LEA's and local superintendents.

Mr. Weiss. Tell me, then, what kind of—what would you consider to be a deprivation of civil rights that you would have corrected?

Dr. Davenport. I don't want to begin speculating since this would have no relevance, really, to what we're talking about in terms of block grants.

Mr. Bauer. Mr. Chairman, if I may. Do I understand the line of questioning that you're making to be that it is your opinion that there are some States that are distributing funds in a manner that intentionally discriminates against one racial group or another in that State?

Mr. Weiss. Chapter 2 requires that there be an equitable distribution of funds.

Mr. Bauer. Yes, and reasonable men will disagree over what equitable means. That having been said——

Mr. Weiss. I'm still trying to get from you a definition of what you mean. Never mind what I mean or what reasonable men mean. I wonder what you mean. I assume that whatever you mean, that there could be a situation where you would conclude that somebody is not equitably distributing chapter 2 funds.

Is that a fair assumption, that that could happen?

Mr. Bauer. I can imagine circumstances where a State would draw up a formula that would result in only white students receiving the funds. Yes, on its face, that would be inequitable. Indeed.

Mr. Weiss. OK. What I'm asking you then is, how would you determine, if you don't have any standards which you have promulgated for that equitable distribution?

Mr. Bauer. It is your opinion that we would need a standard in order to know that a State formula to distribute funds to white students only was inequitable?

Mr. Weiss. Well, if you have a provision where you allow 95 percent to be distributed on enrollment and 5 percent on high-cost students, which are based on all kinds of disadvantages, and you think that that's OK, then it seems to me that almost anything could pass muster.

Mr. Bauer. I would disagree with you. I've never heard anyone insinuate that the chapter 2 program has so much discretion in it that States could distribute the funds to students of one racial group.

Mr. Weiss. Would 100 percent on the basis of enrollment and zero percent on the basis of high cost be an equitable distribution in your opinion?

Mr. Bauer. You know, it has to be adjusted by other factors, as called for in the statute.

Mr. Weiss. Ah, would 99 and 1 be an equitable distribution?

Mr. Bauer. You're asking hypothetical questions. You'd really have to look at a State plan to see exactly what they said they're going to do with that 99 percent and what they were going to do with that 1 percent.

Mr. Weiss. Mississippi took 95 percent on the basis of enrollment. You say that's OK?

Dr. Davenport. I can just say to you——

Mr. Weiss. I'm asking you if they said 99, for example——

Dr. **Davenport** [continuing]. If you're using that State as a specific example——

Mr. **Weiss** [continuing]. Would that be OK?

Dr. **Davenport** [continuing]. Which I believe, is the State of Mississippi, that they are in compliance and that their State plan is approved as are all State plans that are in operation today. I'm not quite so sure the legislation as passed by Congress relates to the point you are trying to make. Maybe you could give me your definition of a violation of civil rights or describe one that has been reported, in any of the States you have listed. There is none.

I'm sitting here, in some amazement, trying to figure out what civil rights violation could occur in the 16,000 school districts across this country participating in chapter 2. I know of no civil rights violations that have been reported in chapter 2, so I'm trying to make up some hypothetical case that I can relate to, Mr. Chairman. For the life of me, I can't.

Mr. **Weiss**. You just got through telling me a few moments ago that you're only 1 year into the program and that your Inspector General wouldn't have gone out and done any kind of review yet, so how do you know what kind of violations have taken place out there?

Dr. **Davenport**. Any civil rights violations would be reported to the Office of Civil Rights. That office would be investigating them, Mr. Chairman. That would bring it to our attention very quickly because as we are alloting funds for the following year, those funds could be possibly held up if the State is in violation of civil rights.

Mr. **Bauer**. Mr. Chairman, I take it from your questions that you disagree with the discretion that your colleagues in Congress built into the chapter 2 block grant?

Mr. **Weiss**. Mr. Bauer, I don't know if you're being disingenuous or not——

Mr. **Bauer**. No, I'm being quite frank.

Mr. **Weiss**. The discretion that was built in by my colleagues——

Mr. **Bauer**. Absolutely.

Mr. **Weiss** [continuing]. Happened to be a floor amendment that was offered to the Omnibus Budget Reconciliation Act of 1981, comprising thousands of pages, most of which, never mind the bulk the House didn't see, the minority party in the House, which offered the bulk of them, had not seen. So that it's not a matter of deliberate discretion built into the legislation.

I happened to be serving on the Education and Labor Committee at the time of the 1981 Budget Reconciliation Act. I can tell you the great pain and anguish that we all went through in trying to meet the budget figures that had been incorporated in the President's proposal and in the first Gramm-Latta budget resolution in order to meet reconciliation.

After having gone through all of that, and having come back with cuts of approximately $11 to $12 billion out of a total of $30 to $33 billion in educational programs, that all of that work was wiped out by the offering of one blanket amendment, covering not just education programs, but every program in the Federal Government.

So don't tell me about the discretion that was built into it by my colleagues.

Mr. Bauer. Well, I'm sorry if the procedure was not to your liking, but in fact——

Mr. Weiss. Oh, you like that procedure?

Mr. Bauer [continuing]. It was voted on by your colleagues.

Mr. Weiss. Yes, you like——

Mr. Bauer. Yes, indeed.

Mr. Weiss [continuing]. That procedure.

Mr. Bauer. No——

Dr. Davenport. Democracy at work.

Mr. Weiss. Pardon?

Dr. Davenport. Democracy at work.

Mr. Weiss. Say it again.

Dr. Davenport. Democracy at work.

Mr. Weiss. That was democracy at work?

Dr. Davenport. Majority vote wins.

Mr. Weiss. I have heard some criticism by some of my colleagues who were in the majority on that vote, but who have not been on the majority in other votes, talking about railroading in situations which were far less examples of railroading than that one.

Mr. Walker. Mr. Chairman, if you would yield.

Mr. Weiss. I'd be delighted to yield.

Mr. Walker. We just recently had a situation where we are trying to repeal that which was done in 1981, where a committee chairman took it upon himself to rewrite the legislation after it had left the committee and put in whole programs to totally obliterate some of the block grants on his own volition, added 378 words that the committee had never seen and didn't catch, until they went to the Rules Committee, at least, at least in the case of the amendment that we had on the floor, be it thousands of pages, at least we voted on it.

In that case we had dictatorship at work and I suggest that that's not exactly the way that we ought to be improving the process, either.

Mr. Weiss. You see, Mr. Bauer, Dr. Davenport, there is more sensitivity toward democratic processes on this side of the table than there is on that side of the table. [Laughter.]

Mr. Bauer. Without conceding the point. [Laughter.]

Mr. Weiss. I have only one other question that I'm going to ask you at this time, but without objection, I'm going to request that additional questions be submitted to you in writing—that we request your responses in writing.

I guess my question really is——

Mr. Walker. Mr. Chairman, I did have a question before you get to your final question, if I could, just with regard to the 95/5 ratio. If I understand, that was in Mississippi that we're talking about.

Mr. Bauer. Yes.

Mr. Walker. Isn't it entirely possible in a State like Mississippi, where you have a long history of considerable poverty, that a distribution formula that ends up with 95 percent of the money going on a per-capita basis could, in fact, be hitting precisely the population that most of us would want to see hit: the poverty level of the people, and therefore, the equitability in that instance shouldn't be looked at by percentages but where the money actually went. The money in that kind of formula might actually be going to a lot of poor districts throughout the State of Mississippi that has a very, very long record of having poverty problems and also educational distribution problems?

Mr. **Bauer**. I think you're exactly correct and an examination of the distribution of poverty in Mississippi would show it as a relatively widespread phenomena and that thus the 95/5 breakdown is not quite as much of a problem as it might be perceived at first glance.

Mr. **Walker**. I thank the chairman. I thank you for the courtesy.

Mr. **Weiss**. Yes, my question really is going to be a comment, and if you want to respond to it, fine, and then I'm going to make a closing statement.

I have been here long enough now to have seen how perfectly good programs receive a terrible name and a terrible reputation when the programs are abused by people who misuse the programs. The Comprehensive Employment and Training Act is one good example of it.

Much of the problems were originally because of lack of sufficient monitoring, and I suggest to you that the Department of Education may be leaving itself wide open for the advantage-takers who may not be as scrupulous about the intention of that program as you are. It seems to me that if, in fact, your Inspector General is aggressive, that, in fact, that would be well advised, but there will always be somebody who will want to rip off the program.

I'm just very, very nervous about this suggestion that by not monitoring, you're just providing an elimination of paperwork. You also may be providing the elimination of the very safeguards which are necessary to make sure that that money goes for what it was intended for by both you and the Congress.

Dr. **Davenport**. Mr. Chairman, you make one assumption which is not accurate, and that is monitoring will not go on. There will be some. In Chapter 1 alone, I believe about 25 program reviews are planned for next year. This is in addition to the IG audits. There will also be visits to review Chapter 2 by our program staff, plus the IG audits.

Monitoring of the activities is taking place. I meant to correct that earlier and I'm sorry I forgot the point. I'm glad you brought it up again.

Mr. **Bauer**. Mr. Chairman, we appreciate your remarks and we share your concerns. We're looking forward to working with you and the committee in the months ahead to reassure you that tax dollars are not being misused under the block grant program.

Mr. **Weiss**. I want to thank you for your patience in sitting through a portion of today's hearings and for responding to our invitation and for your participation in the hearing.

[Submissions to additional subcommittee questions follow:]

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION AND PUBLIC AFFAIRS

October 31, 1983

Honorable Ted Weiss
Chairman
Intergovernmental Relations and
 Human Resources Subcommittee
B-372 Rayburn H.O.B.
U. S. House of Representatives
Washington, D. C. 20515

Dear Congressman Weiss,

Enclosed are answers to the five questions forwarded to Mr. Bauer and Mr. Davenport concerning the September 28 hearing on the Department's implementation of ECIA, Chapters 1 and 2. Also enclosed is a statement detailing the Department's review of States' criteria for adjusting the allocation of funds to LEAs under Chapter 2.

The transcript, edited by both Mr. Bauer and Mr. Davenport, was forwarded to you at an earlier date.

If you should desire further information, please do not hesitate to contact me.

Sincerely,

Jim Pirius
Office of Legislation and
 Public Affairs

Question 1: The ECIA requires the allocation of Chapter 1 funds on the basis of low-income populations. However, the Department does not require that the Chapter 1 funds be spent on the very students who generated the monies for the districts. What specific statutory provision allows this interpretation and what is your basis for the interpretation?

Answer: While Chapter 1 of ECIA distributes funds on the basis of numbers of low-income children, Chapter 1 like its predecessor, Title I, requires that the children to be selected to participate in a project if they are educationally deprived and live in ~~a~~ low-income areas. The statute does not provide that children be selected on the basis of family income. Section 552 of ECIA, the Declaration of Policy, states that funds will be used "to meet the special needs of educationally deprived children." Section 556(b)(2) of the Act requires that a Chapter 1 program be "based on an annual assessment of educational needs which identifies educationally deprived children in all eligible attendance areas."

Question 2: Under Chapter 1, would the Department allow an expenditure of funds to provide assistance for a low-income student in a private school while a lower-income student attending a public school in the same district, with greater educational needs, was not assisted.

Answer: Section 556(b)(2) of ECIA requires that Chapter 1 programs be "based upon an annual assessment of educational needs which identifies educationally deprived children in all eligible attending areas." This assessment must include the needs of both public and private school children in those areas but without regard to family income.

Section 557(a) requires the local educational agency to provide services to children enrolled in private scchools "to the extent consistent with the number of educationally deprived children in the school district who are enrolled in private elementary and secondary schools."

An applicant local educational agency must select public and private school children on the basis of substantially the same criteria.

CHAPTER 1 AUDITS

Question 3: Has the Department provided State and local education agencies with any specific requirements to assist them in preparing for Federal audits?

Answer: The Department's Regional Inspectors General for Audit have met with officials of practically all of the State departments and agencies to familiarize them with the single, organizationwide audit concept and the auditing requirements promulgated in OMB Circular A-102, Attachment P. In addition, in December 1982 OMB issued a revised Compliance Supplement to Circular A-102. That document contains the major compliance features of 60 programs that make up over 90 percent of Federal aid to State and local governments. This publication identifies the requirements for which the auditors must test in conducting organizationwide audits, and also provides suggested audit procedures to be used in making these tests. The Regional Inspectors General are providing assistance to State and local governments in implementing these audit requirements.

SPECIAL PROGRAMS

4. Chapter 2 of the ECIA (Section 591(b)) specifically authorizes the Department to provide assistance to State educational agencies, upon request. However, in reply to a letter from the Chapter 2 coordinator in Flordia, who had objected to the cancellation of a national conference in April on Chapter 2 evaluation issues, Dr. Davenport wrote: "It does not seem appropriate for the Federal Government to sponsor a meeting for the purpose of developing a national evaluation strategy." Which provision of the ECIA prevents the Department from sponsoring such a meeting?

There is no provision in ECIA that precludes such a meeting. The April conference was cancelled because the non-regulatory guidance, which was to be the principal source for providing Chapter 2 assistance to the States, was not yet read.

The Department is very interested in obtaining informative evaluation data about the Chapter 2 block grant. In fact, the budget requests for the past two years have included sizeable earmarks for national studies of the implementation and impact of Chapter 2. Several efforts are already underway.

In addition, beginning in 1984, each State will be responsible for conducting an annual evaluation of its Chapter 2 programs. In the Spring of 1983, at the request of the Colorado state education agency, the Department gave financial support for, and participated in, a State-run conference for those States that seemed to be the most active and interested in developing their evaluation strategies.

Three subsequent meetings have been held on a regional basis -- all organized by the States involved. A fourth regional meeting is scheduled for November.

Question 5: Last year, the Commissioner of Education for the State of New York requested assistance in interpreting a section of Chapter 1. On December 21, 1982, Secretary Bell replied that the Department could not be in a position of "confirming or denying the interpretations of the Chapter 1 statute...." Does the Department believe each State is responsible for interpretations of Federal law? What provision of ECIA prevents DOE from interpreting this Federal law?

Answer: This quotation has been taken out of context. Earlier in the letter to the Commissioner for the State of New York, the Secretary stated that the Department was in the process of preparing final nonregulatory guidance for use by States in operating Chapter 1 programs, and that the draft form of this document, already in circulation, "addresses a number of the questions you have raised." Further, the Secretary stated that, in preparing the final version of nonregulatory guidance, the Department "would consider the requests for clarification you have made if we have not already responded to them in the nonregulatory guidance."

The final version of the nonregulatory guidance was issued in July, and it is the intent of the Department to periodically update it in response to requests for clarification. We believe that this method of providing guidance, more systematic and uniform than responses to individual questions from States and school districts, will best assist the States in their administration of Chapter 1 programs.

Mr. **Weiss**. The purpose of today's hearing was to determine if the Department of Education's implementation of the education block grant programs was fulfilling the Federal role in education and meeting the needs of the Nation's students.

We've heard from a variety of witnesses, each of whom has been affected by the switch from categorical programs to block grants. Taken together, the testimony tells me that the block grant programs have substantially weakened Federal education assistance programs.

At the same time that the President questions our education system, blaming State and local governments for our poor educational standards and attainment levels, he has, according to testimony, cut Federal aid to education. He has fired Federal education employees who are experts in their field; he has consolidated vital Federal education programs and turned them over to State and local agencies, in the name of efficiency, but with the now proven intent to reduce education support.

To replace these funds, programs and expertise, the President offers good advice. He tells the States to provide merit pay for teachers. He suggests a tax break for school tuition. At the same time, the President has cut funds for programs to assist the educationally deprived, the poor, and the minorities.

The Department of Education, in my judgment, has not fulfilled its responsibilities to these students. It has approved allocation formulas that target less funds for disadvantaged students.

It requires no accountability from the local education agencies who are spending the funds. In fact, in every case where the Department had the option to issue regulations or guidelines to encourage an equitable use of funds, it chose not to.

Federal law dictates that local educators must target money for the most educationally deprived students. The Department's guidelines say otherwise. The Department does not even require that the Federal funds be spent for the very students who have qualified the local school district for those funds. There is no accountability in this program. We have no guarantee, in fact, no way of knowing that funds are being spent properly. More importantly, civil rights enforcement has slackened under the block grant programs.

Unlike the programs it replaced, the block grant does not require civil rights monitoring. The block grants have sharply curtailed desegregation programs.

Cities with desegregation programs were sent scrambling for funds when the Department of Education refused to approve allocation formulas submitted by States which tried to target moneys for desegregation plans.

The city of Chicago, for example, was forced to sue the Federal Government to obtain its share of desegregation funding. The city won its suit, but the President vetoed a bill that would pay the costs of the Chicago desegregation plan.

The block grant program may have reduced paperwork, but the cost is too high—nearly 20 years of civil rights gains in federally supported educational improvements. The Department of Education, in my judgment, has put us in reverse.

I hope this hearing has established a record for Congress to use in seeking ways to put Federal education aid back on the track.

Mr. Walker, do you have a closing statement?

Mr. Walker. Mr. Chairman, I have no prepared closing statement, but it seems to me that some of the things that you mentioned that we heard in the course of these hearings were heard in large part because the hearings did not bring in people from the educational community who might have a far different opinion of block grants.

I find in my district, as well as in many areas of the State of Pennsylvania, they would have a substantially different view than the one witness from Pennsylvania, the gentleman from Philadelphia, who was invited to testify before this hearing.

So I would hope that as we continue the process of taking a look at the block grant program, that we would look at the broad base of the educational community and find out whether or not the program is working from the people whom it directly involves outside the urban areas.

I look forward to an opportunity, Mr. Chairman, to submit some additional questions that might occur to the witnesses that appeared before us and also to include some minority views in the hearing record.

I thank you, Mr. Chairman.

Mr. Weiss. The subcommittee stands adjourned, subject to the call of the Chair.

Thank you all very much.

Mr. Bauer. Thank you.

Dr. Davenport. Thank you.

[Whereupon, at 5 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

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